Policy Manual
Version 3.0 Kick-Off Meeting: Part 2

Celia Johnson, SAG Facilitator

Wednesday, August 3 Policy Manual Subcommittee Meeting

Presentation Agenda

▶ Policy Manual Update Process

▶ Request for Feedback

▶ Q&A

▶ Appendix: Illinois Policy Background

  ❖ SAG Guiding Principles

  ❖ Policy Manual Background

  ❖ IL-TRM Policy Document Background

  ❖ Policy Examples

Why does Illinois have an EE Policy Manual?

► Creating an "energy efficiency Policy Manual" was a directive to SAG from the Commission in 2014

► Policy Manual Background

  ❖ 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 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*

Policy Manual Process

▶ **Purpose of Policy Manual Subcommittee Version 3.0 Update Process:**

   ❖ To discuss proposed Illinois energy efficiency policies and reach agreement on Policy Manual Version 3.0

   ❖ If there are proposed policies that may belong in the Illinois TRM Policy Document, it will also be updated

▶ **Purpose of kick-off meetings:**

   ❖ To briefly discuss all policy proposals at a high-level to better understand each proposal and identify initial questions or feedback

▶ **Future Policy Manual meetings:**

   ❖ Future meetings will include deeper discussion of proposed policies, and edits to draft policy language

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 Subcommittee or Working Group, IL-TRM Technical Advisory Committee, IQ North Committee, IQ South Committee, etc.

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

    ▶ 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.)

▶ <u>If agreement is reached on policy documents</u>: 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

▶ <u>If agreement cannot be reached on policy documents</u>:

   ❖ 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

Request for Feedback

Request for Feedback

1. Policy Manual Subcommittee Plan and Updated Schedule
2. Whether policies addressed by SAG from 2019-2021 should be considered in the Policy Manual process
3. Identify policy proposals that may not be appropriate for the Policy Manual, or may belong in another forum

Feedback due by **Wednesday, August 17**

❖ Send feedback to Celia@CeliaJohnsonConsulting.com
❖ Follow-up discussion during **Wednesday, August 31** Policy Manual meeting

Request for Feedback #1: Subcommittee Plan and Updated Schedule

- Edited fall 2022 meeting dates compared to the original Plan shared in June
  - Goal is to hold October 2022, January 2023, and April 2023 meetings in-person, depending on COVID-19 impacts / participant comfort levels
- Added reference to "Policy Manual Small Groups" – suggestion received during June kick-off meeting
  - "Policy Small Groups will be established throughout this process as needed, to further develop policy language from submitted policy proposals and bring it back to the larger Policy Manual Subcommittee."
- **Feedback Question:** Do participants have any proposed edits to the Subcommittee Plan and/or schedule?

Request for Feedback #2: Policies Addressed by SAG from 2019-2021

- June 23 Kick-Off Part 1 presentation provided background on policies addressed from 2019 – 2021:

  - Final Draft Market Transformation Policy Issues – Working Group got to a final draft, but participants weren't ready to finalize them; may be better addressed in SAG Market Transformation Working Group

  - Estimating savings due to COVID-19 (resolved by SAG in 2021)

  - Low Income Customer Eligibility Verification (resolved by SAG in 2020)

  - Estimating savings from non-qualified equipment (resolved by SAG in 2020)

  - Project Application Date for Affordable Housing New Construction Program (resolved by SAG in 2019)

- **Feedback Question:** Should these policies be considered in the Policy Manual process?

Request for Feedback #3: Is each policy proposal appropriate to consider in the Policy Manual process?

- During the June meeting, it was suggested by several participants that further discussion is needed on what belongs in the Policy Manual
  - Policy Principles – created by SAG Facilitator to help guide feedback; includes questions to consider when reviewing policies
  - This is a request to consider whether a policy proposal may not be necessary, or appropriate for the Policy Manual, or may belong in another forum outside of this Subcommittee
- **Feedback Question:** Is each policy proposal appropriate to consider in the Policy Manual process?
  - SAG Facilitator to walk through Policy Principles
  - SAG Facilitator to walk through Policy Tracker Spreadsheet with Feedback Request

Q&A

SAG Facilitator Contact Information

▶ Celia Johnson

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Appendix: Illinois Policy Background

SAG Guiding Principles

- **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 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

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 Examples

- **What is a "policy"?**
  - Policies can help ensure compliance, give guidance for decision-making, define objectives, streamline processes and procedures
- **Current Illinois EE Policy Manual Examples**
  - Evaluation
    - Defines responsibilities for independent evaluators
    - Independence protocols for evaluators
    - Process for annually submitting draft EM&V work plans; process for providing draft EM&V reports
  - SAG
    - Describes role of SAG Facilitator
    - Independence protocols for SAG Facilitator
    - Options for consensus decision-making at SAG

Policy Examples (cont.)

- **Current Illinois EE Policy Manual Examples**
  - Utility EE Plans
    - EE Portfolio objectives
    - Budget allocations
    - Flexibility and budgetary shift rules
    - Defines cost categories, to standardize reporting among utilities and for transparency and consistency
      - Examples: Marketing Costs, Evaluation Costs
  - Reporting
    - Types of reports available for Illinois EE portfolios
    - List of info required for utility quarterly reports
    - List of info required for utility annual reports
  - Other
    - Options to verify EE program eligibility for multi-family income qualified customers
    - Expenses that are prohibited for utility EE portfolios
    - IL-TRM update schedule