

The background features abstract, overlapping geometric shapes in various shades of blue, ranging from light sky blue to deep navy blue, creating a modern and professional aesthetic.

Policy Manual Version 3.0 Update Process

Celia Johnson, SAG Facilitator

May 4, 2022 Q2 SAG Meeting

Presentation Agenda

- ▶ Policy Manual Background
- ▶ Policy Examples
- ▶ IL-TRM Policy Document
- ▶ Policy Manual Update Process
- ▶ Opportunity to Propose Policies
- ▶ Effective Date Options
- ▶ Q&A

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*
- ▶ [Illinois Energy Efficiency Policy Manual Version 2.1](#)

Policy Manual Background (cont.)

- ▶ 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 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)
 - ▶ **Version 3.0 (kick-off June 2022)** - Subcommittee update process to incorporate various proposed policies

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

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 2022 Policy Manual Subcommittee process

Policy Manual Update Process

- ▶ **Purpose of the Policy Manual Subcommittee:** To discuss proposed Illinois energy efficiency policies and reach agreement on Policy Manual Version 3.0
- ▶ **Participation:** Open to all interested SAG and IQ EE Advisory Committee participants
- ▶ **Final Consensus:** Agreement on the final Policy Manual before submittal to the ICC will be between utilities and non-financially interested stakeholders
- ▶ **Timing:** June to December 2022
 - ▶ Agendas will be organized by topic area (example - IQ policies; reporting policies)
 - ▶ Goal is to reach conceptual agreement with non-financially interested parties by mid-October
 - ▶ Goal is for ICC Staff to file the updated Policy Manual with the ICC for approval by December 1, 2022 (mentioned in several EE Plan Stipulated Agreements)
- ▶ **Process Next Steps:** Subcommittee Plan and schedule will be finalized with feedback from the Policy Manual Subcommittee

Opportunity to Propose Policies

- ▶ **Which policies will be included?**
 - ▶ All Policy Manual Subcommittee participants have an opportunity to propose new policies for consideration in Version 3.0
 - ▶ Proposed policies are **due no later than Friday, June 10** - send completed templates to the SAG Facilitator
 - ▶ [Click here to download the Policy Manual Version 3.0 Proposed Policy Template](#)
 - ▶ Policies submitted after the deadline **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
 - ▶ All proposed policies will be posted on the SAG website, and circulated to the Policy Manual Subcommittee for review prior to the June kick-off meeting

Opportunity to Propose Policies (cont.)

▶ Required Template Questions

- 1. Proposed Policy and Rationale:** Briefly describe the policy proposal, including rationale for why this policy is necessary in Illinois.
 - ▶ *Please be specific. If you have specific policy language to propose, please include in the template. It is not a requirement to draft policy language in the proposal template. If draft policy language is not included, you may be assigned to draft proposed policy language for review by the Subcommittee at a future meeting.*
- 2. Utility Impact:** Describe whether the propose policy impacts Illinois gas utilities, electric utilities, or both.
 - ▶ *There are no utility-specific policies included in the Policy Manual, however there are policies that may be applicable only to electric utilities, or only to gas utilities.*
- 3. Background Research:** Provide any background research completed in preparing this template, including source references and links, as applicable.

Opportunity to Propose Policies (cont.)

► Optional Template Questions

4. **Commission Decision:** Has the ICC previously addressed this policy or issue? If so, please provide language and specific citations, including the ICC docket number.
5. **Statutory Consistency:** Have you reviewed your proposed policy against applicable Illinois law? Are there any possible conflicts? If so, please explain and provide statutory citation(s).
6. **Additional Information:** Provide additional information, as needed, to assist with understanding the proposed policy issue and your request to include it.

Opportunity to Propose Policies (cont.)

- ▶ **Please consider the following when submitting a policy proposal:**
 - ▶ Participants are encouraged not to propose significant changes to policies that have already been addressed by Policy Manual Version 2.1 and approved by the ICC, unless there is a compelling need/rationale to change a current policy, which should be explained to the Subcommittee.
 - ▶ Participants are expected to make a good faith effort to provide supporting information about proposed policy issue(s), which may include background research, and a proposal to address the policy issue. Additional information may be requested by the SAG Facilitator or Policy Manual Subcommittee participants.

Effective Date Options

- ▶ Option 1: The start of the next Program Year, following Policy Manual approval by the Commission (January 1, 2023)
- ▶ Option 2: The start of the next EE Plan (January 1, 2026)
- ▶ Option 3: A combination of the two above, depending on the policy

- ▶ Agreement on the effective date will be addressed in final consensus on the Policy Manual

Q&A and Next Steps

SAG Facilitator Contact Information

- ▶ Celia Johnson
 - ▶ *Email:* Celia@CeliaJohnsonConsulting.com
 - ▶ *Phone:* (312) 659-6758
 - ▶ *SAG Website:* www.ILSAG.info

Next Steps

- ▶ Reach out to the SAG Facilitator to join the Policy Manual Subcommittee
- ▶ Kick-off Meeting: Thursday, June 23 (in Chicago, with webinar option)
 - ▶ Facilitator presents Subcommittee Plan/Schedule, with request for final feedback
 - ▶ All participants who propose policies will be invited to briefly present their policy proposal and rationale, with an opportunity for questions and discussion