

Illinois EE Stakeholder Advisory Group Fuel Conversion Working Group

Monday, May 10, 2021 (Meeting #3)

10:00 am – 12:00 pm

Teleconference

Attendees and Meeting Notes

Meeting Materials

- Posted on the [May 10 meeting page](#):
 - [May 10, 2021 Fuel Conversion Working Group Agenda](#)
 - [Summary Table: Fuel Conversion Positions on Key Policy Questions](#)
 - Responses to Fuel Conversion Policy Questions (circulated for 4/26 meeting):
 - [Summary Table – Responses to Fuel Conversion Policy Questions, updated 4/23 \(compiled by SAG Facilitator\)](#)
 - [Ameren Illinois Responses](#)
 - [ComEd Responses](#)
 - [ICC Staff Responses](#)
 - [Natural Resources Defense Council Responses](#)
 - [National Consumer Law Center Position Statement](#)
 - [Nicor Gas + Peoples Gas / North Shore Gas Responses](#)
 - [Memo from VEIC to SAG Fuel Conversion Working Group: Fuel Conversion Compromise Proposal](#)
 - [Air Source Heat Pump Source and Site Scenarios \(PG-NSG\)](#)

Attendees (by webinar)

Celia Johnson, SAG Facilitator

Samarth Medakkar, Midwest Energy Efficiency Alliance (MEEA) – Meeting Support

Brian A'Hearn, CLEAResult

Matt Armstrong, Ameren Illinois

Rick Berry, Guidehouse

Shonda Biddle, Walker Miller Energy Services

Joe Birschbach, Leidos

Patrick Burns, Brightline Group

Ben Campbell, Energy Resources Center, UIC

Kumar Chittory, Verdant Associates

Emily Cross, Guidehouse

Sam Dent, VEIC – IL-TRM Administrator

Ram Dharmarajan, Gas Technology Institute

Nick Dreher, MEEA

Gabe Duarte, CLEAResult

Allen Dusault, Franklin Energy

Jim Fay, ComEd

Scott Fotre, CMC Energy

Jean Gibson, Peoples Gas & North Shore GasPace Goodman, ILLUME Advising

Kevin Grabner, Guidehouse

Vince Gutierrez, ComEd

Amir Haghighat, CLEAResult

Hannah Howard, Opinion Dynamics
Jim Jerozal, Nicor Gas
Tarun Kapoor, Energy Solutions
Molly Lunn, ComEd
Thomas Manjarres, Peoples Gas & North Shore Gas
Rohith Mannam, Nicor Gas
Samarth Medakkar, MEEA
Mark Milby, ComEd
Abigail Miner, IL Attorney General's Office
Jennifer Morris, ICC Staff
Philip Mosenthal, Optimal Energy, on behalf of National Consumer Law Center (NCLC)
Chris Neme, Energy Futures Group, on behalf of NRDC
Charles Newborn, SEEL
Victoria Nielsen, Applied Energy Group
Eric O'Neill, Michaels Energy
Randy Opdyke, Nicor Gas
Reine Rambert, MEEA
Joseph Reilly, Applied Energy Group
Tyler Sellner, Opinion Dynamics
Hardik Shah, Gas Technology Institute
Grant Snyder, IL Attorney General's Office
Jacob Stoll, ComEd
Mark Szczygiel, Nicor Gas
Taso Tsiganos, IL Attorney General's Office
Andy Vaughn, Leidos
Ted Weaver, First Tracks Consulting, on behalf of Nicor Gas
Ken Woolcutt, Ameren Illinois
Brittany Zwicker, CLEARResult

Meeting Notes

Action items are indicated in **red font**.

Opening and Introductions

Celia Johnson, SAG Facilitator

The purpose of the May 10th meeting:

1. To hold a follow-up discussion on the policy questions discussed on April 26th, specifically whether site or source should be used for 1) eligibility / screening calculation and 2) savings claim calculation for fuel switch measures;
2. To continue discussing responses from interested parties on fuel conversion policy questions #5-10; understand rationale for responses and provide an opportunity for questions; and
3. To discuss the Fuel Conversion Compromise Proposal from the IL-TRM Administrator.

Follow-up on April 26th Working Group Meeting

All Interested Parties

Purpose of discussion: To understand rationale of interested party positions on key fuel conversion policy questions, specifically whether site or source should be used for 1) eligibility / screening calculation and 2) savings claim calculation for fuel switch measures

Ameren Illinois Response:

- Ameren's justification for using source as the eligibility screening was that we felt it was important that measures don't risk increases in energy consumption overall. Source precludes this from happening.
- For savings claim, we felt site was aligned with FEJA.

ComEd Response:

- We believe that a qualifying calculation should be done that relies on source energy to ensure measure doesn't increase overall energy use. Legislation doesn't require this, but we think it's consistent with TRM screening calculation and policy overall.
- Agree with Ameren that savings calculation should be done at the site for consistency with other kinds of measures we're looking at. If this particular kind of measure falls outside the legislation during site calculation, it would be consistent with calculations for other measures, as required by legislation.

ICC Staff Response:

- Legal doesn't feel the law is clear on site vs source for screening, just that total BTUs need to be reduced. If you went with source calculation, you could more accurately say that energy was reduced. We have flexibility here as long as total BTUs reduced.
- Savings Claim: We don't think (b-25) controls calculation, so ICC still has flexibility. FEJA mentions Commission-approved TRM savings. If we change the methodology, there should be a legitimate reason for that.

NCLC Response:

- Eligibility: Don't feel strongly one way or the other, we would be ok with source. My sense is it isn't likely that measures that don't reduce total BTUs will be approved.
- Savings: Even though we don't think b-25 legally addresses fuel switching, we think it's appropriate as a framework for claiming savings, thus site savings is appropriate.

Nicor Gas Response:

- Position is consistent with PG/NSG. Source is appropriate for screening and claiming savings. It was appropriate for fuel switching statutory language was first introduced. It was then converted into TRM calculations, and eventually the policy was consistent in FEJA. We did this in 2014 because it was the right policy; we have an underlying policy in IL as a societal framework and using source savings is aligned with this societal framework.

PG/NSG Response:

- Source energy is stipulated in the legislation, total BTUs must be reduced.
- For claiming savings, our position is claiming source energy is the most equitable metric, also accurately reflects the total energy use reduction in IL. There are specific scenarios in legislation that stipulates section (b-25). Claim site savings. Outside of (b-25), where there is conversation, we believe claiming source is the right thing to do. Our ASHP example will demonstrate an example where fuel switch saved little source energy, but when you use site savings, the amount of savings is vastly greater than source savings that take place. Because site savings could lead to claiming more savings in IL, we feel claiming source savings is appropriate.

NRDC Response:

- Eligibility: Site savings is the appropriate metric. The reason is the interpretation of FEJA. Thomas said that the language talks about total BTU, but it says total BTUs of electricity, gas, and other fuels. While it's not nearly clear as it could be, the statement total BTUs of electricity is regarding to gas conversion (BTUs per kWh).
- Savings Claim: Site is the appropriate approach. While (b-25) doesn't explicitly address fuel conversion, it's the only part of FEJA that discusses claiming gas savings towards electric goals, and we don't see a logical rationale for why it should be different for converting and claiming savings across other fuels.
- NRDC is open to compromise proposed by IL-TRM Administrator, if agreeable.

Discussion

[Sam Dent] Can NRDC explain again why you feel total BTUs relates to site rather than source?

[Chris Neme] Drawing a distinction between total BTUs of electricity and total BTUs required to generate kWh. A BTU of electricity is (not legal definition) how many BTUs in a unit of electricity, as opposed to how many BTUs of fuel consumed in order to produce a kWh.

[Sam Dent] So your rationale is the lack of specificity which leads you to infer site?

[Chris Neme] It doesn't seem logical to interpret total BTUs as anything other than, how many BTUs are there in a unit of electricity? Statutory read.

Additional Fuel Conversion Policy Questions

All Interested Parties

Purpose of discussion: During the April 26th meeting, interested parties shared responses to policy questions 1-4. During this meeting we will discuss questions 5-10. See spreadsheet with responses.

Question 5

There may be statutory language that is applicable for defining an energy efficiency measure; once an energy efficiency measure is identified, how should the savings be calculated?

- This question is duplicative of previous discussion.

Question 6

Is there a difference between reducing consumption at the site, and eliminating a natural gas customer? Does that change how we treat the savings?

Ameren Illinois Response: As a dual fuel utility, this is important to us. There doesn't appear to be a reason to treat these differently.

ComEd Response: The legislation doesn't comment on this issue; our position is we shouldn't be creating categories that the legislation doesn't include.

NCLC Response: Our positions are the same whether complete elimination of fuel. We don't see a reason why there would be a difference.

Nicor Gas Response: Agree with everyone. That said, it was mentioned in the last meeting, if there's a reason we overlooked, we'd like to hear, but otherwise we're in agreement.

PG/NSG Response: We agree that everything should be treated consistently.

NRDC Response: In agreement with all positions.

Discussion

[Ted Weaver] Is there a reason why this question was raised?

[Andy Vaughn] This was brought up by Travis Hinck; from his experience in MN, there was an issue of losing gas customers due to fuel switching. He brought it up to make sure we're not overlooking any such issues.

Question 7

Are fuel switching measures limited by the 10% cap in FEJA?

Ameren Illinois Response: No, Ameren believes that the 10% cap is limited to the portfolio level gas situations presented.

ComEd Response: We don't have a comment on whether the prior discussion on this question exempts those terms from the 10% cap.

[Chris Neme] One of the options in b-25 is electric utility efficiency measures or program that save both electricity or gas that isn't offered by joint programs. Our discussion on (b-25) seems debatable. We referenced the definition of an efficiency measure for the basis of including fuel switching measures, so I'm wondering what Ameren and ComEd think about whether and why fuel switching measures wouldn't be treated as part of the second paragraph of (b-25).

[Phil Mosenthal] I think it's specifically referring to when there is savings from more than one fuel, as opposed to fuel switching.

[Chris Neme] You could argue an efficient heat pump is savings on both heating and cooling.

[Phil Mosenthal] Going back to legislative intent, that clause was around the gas utilities not having moneys to support customer as comprehensively as electric. If you're doing electric only programs, you can still claim gas savings. Fuel switching seems separate from this.

[Jennifer Morris] Agree with Phil on needing to save electricity and other fuel. When I was reviewing the ASHP calculation, it doesn't take the direct site savings and convert; it does a conversion when trying to figure out what baseline consumption is; it's converting consumption and take the difference to capture the savings. More complicated than laid out in the paragraph.

[Chris Neme] I think that's an artifact of how we set the TRM up, not how it has to be. Sounds like ComEd hasn't take a position on whether electrification applies to (b-25)?

[Jim Fay] We've taken a position that (b-25) doesn't apply to fuel switching. What we haven't discussed with attorneys is whether there's an exemption for the 10% cap. Will follow-up on that discussion with attorneys.

[Ken Woolcutt] We agree with Phil in most part. We come down on the side that we're not trying to promote fuel switching, we're trying to offer beneficial measures for the customer. We should land on what's most beneficial for the customer.

NCLC Response: See discussion above.

Nicor Gas Response: If we were to come up with a compromise proposal that addresses the screening and savings approach, we will also have to address this 10% factor for full compromise. Additionally, the compromise should also address the issue of whether customers receive overall energy savings and site savings.

[Taso Tsaiganos] Are you saying (b-25) doesn't apply to gas-only measures?

[Ted Weaver] In our view, b-25 doesn't apply to fuel switching measures; we read b-25 to apply to measures that save both fuels, and fuel switching does not. Intent of provision is to deal with situations where electric utilities accrue gas savings through measures for joint programs where gas utilities have no budget.

PG/NSG Response: Adding some clarifications on our position. There is a distinction between EE measures that reduce electricity consumption in addition to savings in another fuel. The rest of EE could include preventing the customer from increasing their electricity consumption beyond what an efficient device would require. If you meet those two boxes, reduce on site electricity consumption and another fuel, then you're in realm of (b-25) (tells you what to do when this is jointly implemented program but gas utility is not involved). There is another category that prevents customers from a further increase in consumption. EX: our new construction programs, or when customers want to expand their line; they've already decided that they'd increase energy consumption, but the EE programs try to minimize that increase as much as possible, by incentivizing the most efficient CFS equipment, or when a residential customer wants to install AC when they don't have one.

[Phil Mosenthal] Disagrees with the characterization that they're not saving electricity. Savings is relative to baseline. If they're adding cooling, that's the baseline. OR if they raise their temperature because they can afford more, but it is still savings.

[Thomas Manjarres] Agree. Our perspective is in order for (b-25) to apply, you're reducing consumption over existing consumption. Over a counterfactual baseline, still energy savings, but doesn't fit in (b-25), therefore the savings cap doesn't apply.

[Phil Mosenthal] I believe (b-25) only refers to converting savings from gas to electric. I don't think it applies to the gas utilities for converting electric to gas.

[Chris Neme] If an electric utility wanted to run a RES NC (new construction) program, and gas doesn't offer one; gas savings in this program could not be converted under (b-25) because it's new construction and program is adding load? The conditions under (b-25) that allows gas savings, it only applies to electricity savings relative to pre-consumption, but not relative to the counter-factual baseline?

[Thomas Manjarres] If you're not reducing both electricity and another fuel, then you don't fit in (b-25). However, I'm not saying that electric utilities should not get credit for energy reduction, simply stating that it doesn't fall within the narrow subset of measures that qualify as (b-25) measures, not subject to 10% cap.

[Chris Neme] If ComEd is running a customer C&I program; 2 industrial customers without gas utility involvement. One customer is running two shifts and savings are in both electricity and gas. According to you the cap applies. In the other case, it's an industrial customer looking to add a third shift. It's the same EE measures for electricity and gas, saving relative to future baseline, not historic baseline. According to your interpretation, the cap doesn't apply for the second scenario?

[Thomas Manjarres] I believe in that extreme example; you are correct according to the law. Whether or not I agree with it is a different question.

[Chris Neme] I fundamentally disagree with the position. It comes down to the meaning of "save". Assumed baseline regardless of pre-consumption.

NRDC Response: We weren't clear whether fuel switching should qualify under (b-25). Our answer is essentially, if it falls under (b-25), the cap applies. If it doesn't need to qualify under (b-25), then it's not clear cap would apply. I think we need further discussion.

Question 8

Are there any differences in these conclusions depending on which fuel is being substituted?

- a. Is there a difference between switching between a regulated fuel and a non-regulated fuel?

Ameren Illinois Response: It should not matter whether the fuel is regulated, EE would apply either way.

ComEd Response: We agree with Ameren; legislation don't address regulation of fuel. Assuming that would be gas vs. propane. Then it would draw a distinction between those two fuels.

NCLC Response: We don't think it matters what the fuel is. We believe transportation measures shouldn't apply. If someone had gasoline heating, that would be ok, but from a practical standpoint it probably doesn't apply to gasoline.

[Ted Weaver] Not sure that the gas utilities care much. Wondering about the reasoning. Electric statute clearly savings total BTUs in electricity, gas and other fuels. If you were to lower total source TBUs of gasoline vs source energy, why would this be different?

[Phil Mosenthal] Our position isn't that this reason would make it illegal. We believe that the intent of the language is for reducing buildings loads. We believe that practically transportation would blow budgets.

Nicor Gas Response: No.

PG/NSG Response: No.

NRDC Response: No.

Question 9

When is a utility allowed to claim savings from a gas to electricity fuel switch?

- a. Criteria for electric-only utilities
- b. Criteria for gas-only utilities
- c. Criteria for dual-fuel utilities

Ameren Illinois Response: As a dual fuel utility, our answer is if the measure passes a source-based savings criteria utility should be allowed to claim savings.

ComEd Response: ComEd doesn't see the distinction that the question is trying to draw. Should be same across all three.

NCLC Response: Doesn't matter what fuel is involved, and depending on measure, there might be nuance and distinction but if it is electric or gas only. The utility should only be claiming net savings converted to their fuel (take the hit for increase in other fuel consumption). Similar to CHP.

Nicor Gas Response: See PG/NSG.

PG/NSG Response: It all comes down to source energy savings criteria. If source energy saved (net) and take savings, divide up by utilities participating in the measure. Convert appropriately. If dual fuel, treat as two single-fuel utility working jointly. Avoided cost methodology is one option. But main point is first determining the source energy savings, those are what is divided amongst the participating utilities.

NRDC Response: Our answer is similar to the previous one. On first question (allowable EE measure), it comes down to what we agree is criteria and whether (b-25) applies (and if it all is allowed).

Discussion

[Chris Neme] We just need to be sure that for dual fuel there's no double-counting.

[Taso Tsiganos] For discussion, a little earlier, using definition as criteria "because it saves total site BTUs". For this question, for an electric only program, they can do that as long as overall site BTUs are lower?

[Chris Neme] Yes. That's based on our current interpretation. If we determine a definition of EE measure is source savings, this would be different.

[Taso Tsiganos] That has a larger implication; if there's a measure that increases delivery load, it would still be allowed?

[Chris Neme] Yes.

[Taso Tsiganos] We would disagree with that. Electric utility should not increase load in any circumstance.

[Chris Neme] I think this is a disagreement across other parties.

[Rick Berry] What is an example of an eligible measure that increases load?

[Chris Neme] You can have two different customers buying a heat pump. One was going to buy anyway, so electricity savings from program to convince them with incentive. Another customer may have been convinced to switch to electricity. In that case it's a fuel switching measure where total electricity consumption has gone up but total BTUs has gone down.

[Rick Berry] It's with respect to baseline of another fuel?

[Chris Neme] To baseline of what the customer would have done without the program.

[Phil Mosenthal] Generally speaking, any fuel switching measure is probably going to increase the load of one fuel.

[Ted Weaver] IL AG is saying you would oppose any measure that increases load for one utility?

[Taso Tsiganos] To me, there are two different sections of the statute that are going to apply. 8-104 to gas utilities; my read is the EE definition is explicitly stated in the statute, different than 8-103. So would not oppose for a gas only utility.

[Ted Weaver] For both electric and gas, as long as total BTUs goes down, you would support fuel switching position?

[Taso Tsiganos] No, from a basic legal analysis; there's a different conjunction used in the definition which has different implication. Problem only exists in 8-103. Therefore, increase in electric load is not allowed.

[Chris Neme] Just to be clear, you think the definition of EE measure in IPA is different than definition in 8-104 and this is your reasoning?

[Taso Tsiganos] The stated policy of 8-103 is a load reduction statute. This interpretation is based on a use of conjunction.

[Thomas Manjarres] Will regroup with PG/NSG and Nicor, but I think our interpretation of FEJA is same as AG's Office. Once we get into responses for Sam's memo, we're going to begin with this premise and arrive at a slightly different conclusion.

Question 10

Is a source savings calculation required for each installation to determine whether it is an eligible efficiency measure?

- a. If yes, what if measures are delivered midstream and the existing fuel type is not collected?
- b. Can source savings screening occur for most likely baseline and efficiency assumptions at the start of a program year, and if eligible, no further source screening would be required for the rest of the program year?

Ameren Illinois Response: Ameren believes measures can be treated as a whole.

[Jennifer Morris] For the CHP projects, the really large custom projects, for those scenarios, wouldn't you need to do it for each one?

[Ken Woolcutt] Yes, that would be an exception.

[Jennifer Morris] So this is for a mid-stream or prescriptive measure.

[Chris Neme] It's really for any mass market program (standard rebate) what you just laid out would apply, but for a custom project, it has to be site specific.

[Phil Mosenthal] That's consistent with Cost Effectiveness policy.

[Chris Neme] And a whole bunch of TRM measures.

[Phil Mosenthal] This is a screening issue (eligibility).

ComEd Response: Source calculation should be done to qualify a measure.

- We don't think midstream programs are any different than downstream in this regard; question is whether one knows what the legacy technology or equipment was, and TRM provides a protocol for when the legacy technology is unknown; this is more likely for midstream programs.
- I would add one more situation to what was already discussed. If the measure changed during the program year, you would have to apply that again if the efficiency measures targeted are not inefficient on a total fuel basis. In addition to applying once per year for standard and case-by case for custom, we would apply it again if qualifying program measures changed.
- We added a number of thoughts on the actual calculation for heat rate that can be picked up in the TAC discussion.

NCLC Response: In general, agree with everyone else, if measures screen appropriately, we should be allowed to have them, and make sure BTU savings are there for custom. The issue Chris brought up is important; hard to imagine how you would have a midstream/upstream program to qualify as fuel switching. To me it has to be downstream. It's ok to count existing as a baseline in a prescriptive downstream program as long as program is geared toward fuel switching.

Nicor Gas Response: Agree with PG-NSG. If we do on a mass market basis, I agree, but I disagree on average. Sensible solution but not average. Or ex, certain efficiency level heat pumps.

PG/NSG Response: As long as there are actual energy savings, we don't see a reason to treat this differently than other measures. We're trying to say that we agree with that methodology and our policy position is, so long as source savings are achieved then we go down this path.

NRDC Response: Addressed in discussion.

[Jennifer Morris] It says the evaluator would identify whether measure passes source savings screening, what would be the purpose?

[Ted Weaver] I think so, there should be clear roles prospectively on how that's going to happen and evaluators simply audit. If utility implemented something that doesn't pass policy, we shouldn't be counting savings.

[Chris Neme] I think you're saying that rules can be set up prescriptively ahead of time. As long as utility implements program consistently with design of TRM, anything found by evaluators would be used to adjust TRM not penalize.

[Ted Weaver] Yes. In terms of the cost recovery, we have to work out in TAC. In that example, you can come up with algorithm where you're getting savings (missed majority of comment). Trying to not give out rebates on measures that don't save energy.

[Chris Neme] We do this all the time We take assumption that avg furnace or or central AC is going to saving X therms a year, but you don't disallow for customers that didn't actually save as much. We take weighted average ahead of time, for mass market measures, we let it go.

[Ted Weaver] I think we can address this in TAC.

Fuel Conversion Compromise Proposal

Sam Dent, VEIC (IL-TRM Administrator)

- Compromise proposal to address two key questions discussed on site vs. source for eligibility screening and savings calculation.
- It doesn't seem logical to do screening at site and savings at approach. This launched me into whether proposal here, screening of measure at source and savings at site, could be moved towards. This is basically Ameren and ComEd's position.
- Rationale –
 - Screening: We haven't heard anyone claiming there's a legal requirement to do one or the other. Furthermore, when we looked at the definition for EE measure; we focused on "total" BTUs, which to us implies accounting for all aspects of electricity or other fuel, including generation. There is a difference in interpretation but there isn't a clear reason to do one or the other. There seems to be consensus that source savings for screening is good policy. Ensures that measure is savings both source and site energy.
 - Claiming Savings: This would be a shift from the current TRM. What would our final mean? Talking about how much is saved on the customer meter. IF we use source calculation, we end up with a number that reflects change at generation, not customer measure. It seems that adding these two numbers together would result in complication. For this reason, and for the reason that language (at the premises) suggests site savings for claiming savings.
- TAC next steps: Second hour of May 18 meeting will discuss fuel switching / heat rate.

Ameren Illinois Response: The proposal tracks well with our initial thoughts about eligibility and savings.

ComEd Response: We agree with the memo. One additional issue that we agree with – for HP technologies, the savings should be both heating and cooling.

NCLC Response: We're supportive of the proposal, consistent with what we discussed earlier on the call.

Nicor Gas Response: In agreement with source for screening. For the savings, disagree that site BTU savings, it's kWh and Therms at the site. Disagree that this is consistent with C/E testing. C/E takes change in unit energy at site and effectively does a source BTU calculation, then an economic conversion to get dollars right. When we do C/E, driver of cost is either gas

going into generator or furnace. In those prices of C/E, those BTUs are getting converted down to kWh. When doing C/E, we're doing a source calculation. If we want to be consistent with C/E, we should go to source, in addition to the societal framework. Keep in mind practical implications – when you do a site calculation, electric utility is getting 3X savings. Convers is gas utilities get 1/3 of savings they should be getting. If electric utility incentivized CHP, they would get 3X the savings than Gas.

PG/NSG Response: No additional comments.

NRDC Response: We can live with a compromise with folks can make the legal argument for the source criterion for eligibility.

ICC Staff: We can support this as a compromise and appreciate it put forward. I think we're on a good track to avoid litigation.

Discussion

[Sam Dent] Example – for a refrigerator measure, kWh number that you feed into the C/E tool. I agree that the avoided cost of that savings is in essence doing a source calculation. In the case of the refrigerator measure, you're plugging the site kWh into the C/E tool, so for the fuel switch measure, I'm suggesting that the values you're plugging into the C/E tool should be the ones that you are claiming for fuel switching measures as well.

[Ted Weaver] If you did that, you're effectively not capturing the fact that you saved electricity (negative on gas side). You're not plugging in a number that you use in C/E.

[Phil Mosenthal] I disagree. Electric avoided costs are more complicated than heat rate of peaker plant. Not sure if it matters if we solve this anyway, since this isn't a question of C/E.

[Ted Weaver] Yes but heat rate is baked into avoided cost. Agree that heat rate for electric is more complicated.

[Sam Dent] What you're putting into C/E calculation, you're putting savings at the site in.

[Ted Weaver] But that's a different number than would be claimed under either site or source calculation. Heat pump example - it saves X or uses X more kWh. Putting an entirely different number though, than what's claimed.

[Phil Mosenthal] I think Sam's point is you're assessing the cost effectiveness based on the site units of savings of the different fuels, whether positive or negative. How you value you them is influenced by overall system efficiency.

[Ted Weaver] I agree that we should do cost-effectiveness the way we have always been doing it. Disagree that this is consistent with a site calculation.

[Jennifer Morris] Staff would still be ok using a unique calculation for specific measures, i.e. CHP as part of the compromise.

Closing & Next Steps

- IL AG's Office to provide written position.
- ComEd to follow-up with attorneys on whether there is an exemption to the 10% cap.
- Further discussion needed at May 24th meeting on ASHP and CHP example scenarios.
- Additional follow-up needed on policy questions; not in agreement yet. Nicor Gas suggested a full compromise will also need to address 1) the 10% factor and 2) whether there are actual customer savings.