

Illinois EE Stakeholder Advisory Group Market Transformation (MT) Savings Working Group Meeting

Thursday, April 13, 2023
10:00 am – 11:30 am
Teleconference

Attendees and Meeting Notes

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Meeting Materials

- Posted on the [April 13 meeting page](#):
 - [Thursday, April 13 MT Savings Working Group Agenda](#)
 - [SAG Facilitator Introduction: Background on Market Transformation Small Group](#)
 - [ComEd Presentation: Summary of Illinois TRM Attachment C Revisions](#)
 - [Final Draft Market Transformation Policy Document](#)
 - [ComEd and Guidehouse Presentation: Retail Products Platform Update](#)

Attendees (by webinar)

Celia Johnson, SAG Facilitator
Cathy Lamadrid, Inova Energy Group (SAG Meeting Support)
Alison Lindburg, Midwest Energy Efficiency Alliance (MEEA)
Andy Vaughn, Leidos
Anna McCreery, Guidehouse
Bahareh van Boekhold, ILLUME
Billy Davis, Bronzeville Community Development Partnership
Brady Nemeth, Resource Innovations
Chris Healey, Enervee
David Weaver, Citizens Utility Board
Diana Fuller, Walker-Miller Energy Services
Elizabeth Horne, ICC Staff
Ellen Rubinstein, Resource Innovations
Erin Daughton, ComEd
Hannah Collins, Leidos
Jane Colby, Apex Analytics
Jason Christensen, Cadmus Group
Jeannette LeZaks, Slipstream
Jeff Harris, Northwest Energy Efficiency Alliance (NEEA)
Jim Dillon, Anura Energy
Jim Fay, ComEd
John Lavalley, Leidos
Mike King, Nicor Gas

Michael Brandt, Elevate
Michael Frischmann, Ecometric Consulting
Molly Graham, MEEA
Nuri Madina, Blacks in Green
Philip Mosenthal, Optimal Energy, representing IL AG's Office and NCLC
Randy Opdyke, Nicor Gas
Rebecca McNish, ComEd
Rick Tonielli, ComEd
Rita Siong, Resource Innovations
Ryan Wall, Guidehouse
Sheila Highcock, Ameren Illinois
Ted Weaver, First Tracks Consulting, representing Nicor Gas
Tim Dickison, Ameren Illinois
Vincent Gutierrez, ComEd

Opening & Introductions

Celia Johnson, SAG Facilitator

Purpose of meeting:

1. For the Market Transformation Small Group to introduce final draft edits to IL-TRM Attachment C and market transformation (MT) policy resolution; and
2. For ComEd to share an update on evaluation of the ENERGY STAR Retail Products Platform.

SAG Facilitator Introduction:

- **Materials:** [SAG Facilitator Introduction: Background on Market Transformation Small Group](#)
- This is the first meeting of the larger MT Savings Working Group since August 2022. A Market Transformation Small Group has been meeting regularly to work on proposed edits to IL-TRM Attachment C, and the MT policy resolution.
- Final written feedback is due by Monday, May 1.
- If needed, the Working Group will have a follow-up discussion on comments received during the May 22 MT Savings Working Group meeting.
- Background on IL-TRM Attachment C:
 - The Illinois Technical Reference Manual (IL TRM) has an attachment C that contains the framework for Market Transformation savings. Any edits to Attachments C are discussed within this Working Group vs the general TRM process. Last year, some minor edits for Attachments C were approved, but after the edits were finalized ComEd suggested there were some open questions that a small group should discuss and resolve.
- Background on MT Policy Resolution:
 - When the Market Transformation TRM Attachment was developed in 2019, there were several policy questions that came up that needed resolution. They have been discussed in this group several times and we reached what was then considered final resolution in 2020. However, the group decided that the policies should remain “final draft” due to the newness of Market Transformation initiatives in IL.
 - Between October 2022 and February 2023, there have been four meetings of a Market Transformation Small Group. The discussion today will be an overview of

the proposed edits for IL TRM Attachment C as well as Market Transformation Policies. Both documents will be circulated to the group for review.

- Today we also want to discuss where does policy resolution belong (in which forum).

Final Draft Edits from Market Transformation Small Group

Jim Fay, ComEd and Other Market Transformation Writing Team Members (Guidehouse, Resource Innovations / Nicor Gas)

- **Purpose:** To introduce final draft edits to IL-TRM Attachment C and market transformation policies; request final written feedback.
- **Materials:** [ComEd Presentation: Summary of Illinois TRM Attachment C Revisions](#)
- **Background:**
 - Because of the Future Energy Jobs Act (FEJA), utilities were given administrative responsibilities of MT programs. In 2020, the utilities hired Margie Gardner to develop the original attachment C. A lot has happened since then, and so utilities wanted to update the attachment to provide clarity on savings and risks so utilities can make decisions to compare Market Transformation program investments with other portfolio investments. Another objective of the effort was to capture the unique aspects of Market Transformation programs and ensure that guidelines address these. Finally, to the extent that it was possible, the group wanted to be consistent in treating resource acquisition and Market Transformation programs.
- There are three areas of focus that are unique to Market Transformation (highlighted in definition of Market Transformation programs for Attachment C):
 - Not focused on influencing individual customer decisions, but rather influence an entire market. This requires that that entire market be characterized and defined.
 - Multi-year savings because of the market transformation.
 - Accelerated adoption of energy efficiency programs vs a market baseline. This means that the baseline is not what the customer would have done in the absence of the program, but rather what the entire market would have done without the program.
- The group focused on three program documents that are complementary to Attachment C: Market Transformation Program Energy Savings Framework, Market Transformation Program Design, and Market Transformation Program Evaluation Plan. These are working documents meant to be revised over time.
- Energy Savings Framework – this is most of the focus of Attachment C guidelines. Specifically on the Energy Star Retail Products Platform, and more specifically on clothes washer. The slides include a chart that shows historic and projected market characterization data within ComEd’s service territory. In ComEd, the Retail Products Platform is designed to intervene in market at national retail level and ComEd also has a downstream program that intervenes in individual retail stores. Therefore, the Energy Savings Framework must provide guidance on ensuring there is no double-counting between these two ComEd programs.
- Summary of proposed Attachment C revisions that will be circulated for review:
 - 2.1 Theory-Based Evaluation; “Preponderance of Evidence” Standard of Proof; Market Progress Evaluation (MPI’s)
 - 2.2 Energy Savings Methodology – Characterizing Total Markets; Data Sources; Natural Market Baselines (NMB)

- 2.3 Using Actual Market Results; Updating and Revising the Energy Savings Projections and Framework
- 2.4-5 Other Market Influences
- 2.6 “Post-Program Engagement” & Duration of Market Impact
- 2.7-8 Role of Codes & Standards
- The group does not feel there are any new policies that have surfaced due to revisions to Attachment C. But there were four questions that were raised last year that we can now provide some concrete answers to:
 1. Slide 10 – cost-effectiveness will continue to be determined at portfolio level, same as resource acquisition.
 2. Slide 11 – like resource acquisition, adjustments will be applied prospectively.
 3. Slide 12 – planning cycle costs and benefits will be at the portfolio level. Separate cost metrics for Market Transformation will be included in Plans in the same manner for all programs. This means that when utilities report costs and benefits, they will be truncated to reflect only those included in current year. Readers need to keep in mind this means that those metrics might be misleading because they only show a partial view of expected multi-year savings.
 4. Slide 13 – like resource acquisition programs, Market Transformation programs will be evaluated annually, and annual savings value will be based on what has actually been achieved. This is what will be reported on in terms of goal-progress and determining performance-incentives. The Energy Efficiency Savings Framework document includes a discussion of the anticipated duration of savings. A particular feature of Market Transformation programs is that savings may continue beyond life of the program, so we will continue to track them for as long as the Framework characterizes the duration.

[Phil Mosenthal] I generally agree, but I’m having a hard time conceptualizing this. Do you count a present value expected value that will come, or do you wait till next year?

[Jim Fay] We count entire savings over the lifetime in deciding whether or not to pursue Market Transformation initiatives, but we only report annual savings for purposes of evaluation and goals. In 2022 the savings that we are claiming are different than resource acquisition programs, because we are not just counting transactions influenced by the rebates, but we are counting entire market.

[Phil Mosenthal] Only that market in that year? Arguably you are undercounting impact.

[Jim Fay] We expect to get Market Transformation that materializes in future years. We count the investment today, but we don’t count the savings until we get to a future year.

[Jeff Harris] In response to Phil, this approach is consistent to what we have established in the Northwest. Each year you would be conducting the assessment of energy savings within the framework of the logic model you are implementing. At some point those interventions will have addressed all market barriers, and then your active intervention will reduce significantly but savings will continue forward as time progresses.

[Phil Mosenthal] I’m wondering on the issue of retroactive vs prospective. It sounds that if at the end of year 2 we had more info that made us feel the trajectory of the market is different, we would adopt that moving forward, so it would change the savings in the future that are attributable to incentives that have already been spent.

[Jim Fay] We expect and anticipate that if the market changes and we need to recharacterize the market and create a new savings projection. That projection will determine how much savings the program is getting even if the incentives have already been spent. This is a risk inherent to Market Transformation programs and utilities need to recognize it.

[Ted Weaver] Going back to Phil's comment about counting savings. Even though you project savings in the early year, that is for planning purposes. The way you actually count is how Jim explained. You could stop the program, but because you've made all these investments you could reap savings in the future because that is how Market Transformation works. On the gas side, you are changing your goals every plan cycle. If you run a program and it stops, that will be incorporated into that plan cycle and you might get "free" savings but your goal changes. Therefore, it is not really a windfall.

[Phil Mosenthal] I'm recognizing that utilities have a risk. Will this create a barrier where utilities don't want to invest in Market Transformation programs because of the risk?

[Ted Weaver] This could be. It's an investment decision for the portfolio manager.

[Jeff Harris] The Northwest Energy Efficiency Alliance (NEEA) maintains a portfolio of Market Transformation programs as a mechanism to spread risk. We manage the portfolio like you would a financial portfolio to yield a result at portfolio level, knowing there will be some programs that overperform and some that underperform. It takes a while to build the portfolio to where you get the results you want. The maturity of some programs is balanced with some new programs that are high cost and low savings on initial years. Market Transformation programs in the Northwest represent about 8-10% annual budget spend of energy efficiency initiatives and they have yielded a proportional energy saving component out of the portfolio.

ENERGY STAR Retail Products Platform (RPP) Update

Rick Tonielli, ComEd; Jason Christensen and Mike Frischmann, Guidehouse

- **Materials:** [ComEd and Guidehouse Presentation: Retail Products Platform Update](#)
- ComEd joined the RPP in 2018 and is currently in its third year of participation. A milestone that took place in the evaluation context in 2022 and that was used in that year's evaluation was an establishment of an "official" RPP energy savings framework. In 2023, Jim Fay talked about continuing work on Attachment C, and then the outcome of 2022 evaluation on program performance.
- Past evaluations were somewhat preliminary because we didn't have a finalized Energy Efficiency Framework in place, and savings attributed were largely along the lines of resource acquisition programs.
- During 2022, for the first time several steps were taken that allowed that year's evaluation to provide a complete look at the program. First, there was the creation of a memo that outlined how to clean track energy savings data. There was also the finalization of the Energy Efficiency Framework along with the establishment of a natural market baseline and projected impacts.
- Slide 5 – ComEd has been participating in RPP (paying incentives for refrigerators and top-loading clothes washer). One of the 2022 evaluation outcomes 2022 is that there was an underestimation of the savings projections which resulted in a higher realization rate.

- Slide 6 – These are not savings in the bank so to speak, they are savings that are considered from a planning perspective.
- Slide 7 – For the first time, the 2022 evaluation also included market progress indicators. Overall, the RPP is increasing adoption of efficient appliances. The market shares of incented appliances were higher than previous year and exceed natural baseline (except for one configuration). Retailers stocking practices are being influenced by incentives.
- Slide 8 – Future research activities presented by Michael Frischman. We are proposing more research on preponderance of evidence through an expert judgement panel. There will also be continued participation in the NEEA annual survey.
- Slide 9 – Market research can support evaluation but also inform future program design. This slide shows a few options that ComEd is thinking of now that there are results from 2022 evaluation. One is to begin incenting additional appliance categories, particularly heat pump water heaters. Another idea is working more actively with retailers. So far ComEd has mostly been hands off with the theory that retailers know their work and can drive sales of incented appliances, but retailers have indicated being open to more involvement from utilities.

Closing and Next Steps

Celia Johnson, SAG Facilitator

- Comments on IL-TRM Attachment C and Market Transformation Policies **due by Monday, May 8** (send to Celia@CeliaJohnsonConsulting.com)
- o If comments are received that require discussion, a follow-up will be scheduled at the **Monday, May 22** Market Transformation Savings Working Group Meeting
- The ComEd ENERGY STAR Retail Products Platform evaluation will be finalized by **April 30**