

Illinois EE Stakeholder Advisory Group Market Transformation Savings Working Group Small Group Meeting #3

Tuesday, December 20, 2022

10:00 am – 12:00 pm

Teleconference

Attendees and Meeting Notes

Meeting Materials

- Posted on the [Market Transformation Small Group Webpage](#):
 - [December 20, 2022 MT Small Group Agenda](#)
 - [ComEd Presentation: Status Update on Edits to IL-TRM Attachment C](#)
 - [Market Transformation Policy Resolution \(Final Draft Clean Version, June 2020\)](#)

Attendees (by teleconference)

Celia Johnson, SAG Facilitator

Greg Ehrendreich, Midwest Energy Efficiency Alliance (MEEA) – Meeting Support

Alison Lindburg, MEEA

Arlene Lanciani, Guidehouse

Elizabeth Horne, ICC Staff

Harry Bergmann, DOE

Jason Christensen, Cadmus

Jeannette LeZaks, Slipstream

Jim Fay, ComEd

John Lavalley, Leidos

Kegan Daugherty, Resource Innovations

Maddie Koolbeck, Slipstream

Matt Armstrong, Ameren Illinois

Michael Frischmann, Ecometric Consulting

Nicholas Crowder, Ameren Illinois

Paul Wasmund, Opinion Dynamics

Rachel Marty, Guidehouse

Randy Opdyke, Nicor Gas

Ryan Wall, Guidehouse

Shannon Kahl, ILLUME Advising

Stacey Paradis, MEEA

Sy Lewis, Meadows Eastside Community Resource Org

Ted Weaver, First Tracks Consulting, representing Nicor Gas

Thomas Manjarres, Peoples Gas & North Shore Gas

Wayne Leonard, Guidehouse

Opening & Introductions

Celia Johnson, SAG Facilitator

Purpose of the meeting:

1. To provide a status update on IL-TRM Attachment C edits; and
2. To introduce MT Policy Resolutions from 2020, and discuss whether edits are needed.

Status Update on Draft IL-TRM Attachment C Edits

Jim Fay, ComEd

- Writing group (ComEd, Guidehouse, Resource Innovations / Nicor Gas) is working on proposed edits to IL-TRM Attachment C. This is a summary of the issues we have discussed before and what we are working on the language for the TRM for. The changes to Energy Savings Framework are annual TRM updates and new market data. Those are annual changes, different from changes to the fundamental framework itself – those are updated through another non-annual process that involves answering two questions: how did we do against the projection (compared to actual market data); and assessment of what is going on in the market and the extent to which the market fundamentals are changing. If the market is changing then that would indicate that the ESF and the NMB need to be updated. That's what we are trying to put into words for Attachment C.
- Working on process as well – how does it get updated; how do we apply prospectively.
- Additional issue that came up is how to respond if there is a non-consensus issue in the Framework. What do we do if we don't agree on the Framework? There are other places where we deal with non-consensus in IL, and we'll try to make this consistent with those other policies.
- The Attachment C Framework, and the Business Plan also need an evaluation plan. Some aspects like the specific quantitative threshold for triggering changes to the ESF may be program-specific and included in the Framework doc, rather than Attachment C.
- **Next Steps:** Edits to Attachment C will be introduced at the January 17th meeting, with a request for written comments.

Introduction to MT Policy Resolution

Celia Johnson, SAG Facilitator

- Background: MT policy questions were raised when the MT Framework was developed by the SAG MT Working Group in 2019. Working Group reached 'final draft' resolution in mid-2020 but wasn't ready to finalize because of the early status of MT initiatives in Illinois.
- Questions to discuss:
 1. Are edits needed to the MT Policy Resolution document?
 2. In what forum does the resolution belong? Options include IL-TRM Attachment C, Policy Manual, or SAG website.

MT Policy Resolution Questions + Proposed Resolution

1. **How will energy savings derived from/attributed to market transformation (MT) initiatives be incorporated into utility energy efficiency portfolio cost-effectiveness calculations?**

2020 Resolution: *In its development of a cost-effective portfolio of energy efficiency measures, a utility will apply Illinois's Total Resource Cost (TRC) Test to market transformation initiative costs and energy savings the same way it is applied to traditional resource acquisition or other current forms of energy efficiency programming. Traditionally, the utilities only count measures installed within the relevant 4-year energy efficiency cycle during which they occurred. An MT initiative could continue across multiple four-year cycles, but a single four-year portfolio cycle's cost-effectiveness will reflect the MT activities that occurred within the corresponding four-year cycle. Utilities will report the following TRC analyses to the ICC for portfolio cost-effectiveness: 1) the*

total EE portfolio with MT initiatives included and 2) the total EE portfolio without MT initiatives both for the full four-year period.

Meeting Comments:

- A caveat to the TRC language may be needed. That value doesn't necessarily capture all of the savings.
 - Portfolio TRC – may not want to include MT programs in the portfolio, given the timing of the investment and the savings
 - There won't be a TRC associated when no savings are claimed (which is the situation for some MT initiatives).
- 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?**

2020 Resolution: *A market transformation initiative's natural market baseline (NMB) assumptions remain constant unless or until information arises that necessitates adjustments be made to the NMB. When new information requires adjustments to be made, any and all adjustments will be applied prospectively.*

This resolution is contingent on reaching consensus on the process for updating the NMB.

Meeting Comments:

Edits not needed.

- 3. How will MT initiative derived energy savings and costs be dealt with across 4-year EE planning cycle periods?**

2020 Resolution: *Market transformation initiative-derived energy savings are not bound to the four-year cycle in which the initiative originated. Accordingly, any energy savings that result from an initiative with approved savings protocols will be attributed to the current or future four-year Energy Efficiency Plan cycle in which they occur.*

On an annual basis, each utility will calculate, track and report estimates of each MT initiative's performance to-date.

Meeting Comments:

- Should the "or" be "and" instead? See blue highlight.
 - How is a savings protocol "approved"? It's referenced in Section 1.7 of TRM Attachment C. The MT Small Group is working on edits.
 - May also want to re-consider the word "approval." See blue highlight. Suggestions: Is it guidance? Or consensus? Or remove the reference to "approved savings protocols"? Also see how this is described in the MT Guidance Process document developed by Nicor Gas in 2022.
- 4. How will MT savings be incorporated into utility goals (gas and electric) and utility performance incentives (electric) and for what duration will continued market savings be credited to the utility after active utility engagement has ended or been reduced significantly?**

2020 Resolution: *The following policy issues will be resolved for each initiative as the initiative is developed:*

- i. How MT-derived savings will be estimated for utility's energy savings goals (gas and electric) and incentives (electric-only).*
- ii. How long a period of time utilities can take credit for new savings that continue to accrue after active utility engagement has been reduced or ended. This is independent from the lifetime of the measure(s).*

Meeting Comments:

Edits not needed.

Closing & Next Steps

Celia Johnson, SAG Facilitator

- Writing volunteers will continue working on edits to IL-TRM Attachment C, to be reviewed at the January 17 meeting
- Writing volunteers will propose edits to the MT Policy Resolution document, to be reviewed at the January 17 meeting