

# **IL EE Stakeholder Advisory Group: Market Transformation Savings Working Group**

**Wednesday, July 17, 2019**

1:00 – 3:00 pm

Teleconference Meeting

## **Attendees (webinar)**

Celia Johnson, SAG Facilitator

Nick Hromalik, Midwest Energy Efficiency Alliance (MEEA) – Meeting Support

Ben Campbell, Energy Resources Center, UIC

Lauren Casentini, Resource Innovations

Kegan Daugherty, Resource Innovations

Leanne DeMar, Nicor Gas

Nick Dreher, MEEA

Allen Dusault, Franklin Energy

Jim Fay, ComEd

Margie Gardner, Resource Innovations

Molly Graham, MEEA

Jan Harris, Navigant

Jeff Harris, Northwest Energy Efficiency Alliance (NEEA)

Hannah Howard, Opinion Dynamics

Cheryl Jenkins, VEIC

Amy Jewel, City of Chicago Mayor's Office

Kara Jonas, MEEA

Thomas Manjarres, Franklin Energy

Samarth Medakkar, MEEA

Jennifer Morris, ICC Staff

Phil Mosenthal, Optimal Energy, on behalf of IL Attorney General's Office

Agnes Mrozowski, Ameren Illinois

Chris Neme, Energy Futures Group, representing NRDC

Rob Neumann, Navigant

Victoria Nielsen, Applied Energy Group

Theo Okiro, Future Energy Enterprises

Randy Opdyke, Nicor Gas

Stacey Paradis, MEEA

Ralph Prah, Prah & Associates

Marci Sanders, Resource Innovations

Anthony Santarelli, Smart Energy Design Assistance Center (SEDAC)

Ellen Steiner, Opinion Dynamics

Mark Szczygiel, Nicor Gas

Rick Winch, Opinion Dynamics

Patricia Plympton, Navigant

## **Meeting Notes**

### **Opening and Introductions**

*Celia Johnson, SAG Facilitator*

- *Purpose of this meeting:* To discuss the updated written draft Framework for Market Transformation Savings White Paper and open questions.

### **Overview of Initial Policy Issues Raised in Comments**

*Margie Gardner, Resource Innovations*

Comments on proposal to discuss policy issues and specific savings protocols further within the SAG MT Savings Working Group:

- Jennifer Morris: Agrees it makes sense for policy issues to be addressed by the MT Savings Working Group.
- Chris Neme: Where would policy resolutions be addressed?
  - Perhaps there are issues addressed in the Policy Manual, or in another forum as appropriate.
- Chris Neme: We will need more specificity in a protocol for an MT initiative. If the Framework is included in the TRM, language should be added that states at minimum there will likely need to be program-specific protocols, or an active determination among the parties that the generic protocol is adequate.
  - **Margie Gardner: Yes, we can add that in the introductory language to the Framework White Paper.**
  - Phil Mosenthal: Protocols will likely be driven by the approach in the program itself. However, there are also issues between what we think of as “EM&V planning” vs. information included in the TRM.
  - Dulane Moran: A lot of the nuance for programs is likely best handled by an evaluation plan. If MT initiatives are run by multiple utilities across the state, agrees it is a good idea to address this. You could also encourage MT initiatives be evaluated in a single, statewide evaluation.
  - Phil Mosenthal: Agrees MT programs are often best statewide.
    - Chris Neme: Keep in mind there may be initiatives that are inherently local.
- Phil Mosenthal: On the Natural Market Baseline issue on retrospective vs. prospective, this also needs to be discussed around attribution, not only baseline. There may also be nuances on what we mean by retrospective and prospective. For example, you can deem a value OR an approach.

### **Policy Issue 1: How (if at all) will MT savings be incorporated into goals, portfolio cost-effectiveness, and utility performance incentives?**

- Chris Neme: MT savings should be included in goals; there should be some element to assess cost-effectiveness, acknowledging it may be speculative/long term.
  - Margie Gardner: Resource acquisition may look quite different than MT initiatives.
  - Chris Neme: The statute is very specific about performance incentives.
  - Jennifer Morris: The statute references the TRM. There may be challenges regarding what to assume for program savings. This will likely need to be negotiated during the planning process.
  - Margie Gardner: Should there be a collar identified (high/low)?

- Phil Mosenthal: We award performance incentives based on annual incremental achievements (electric). For MT we may decide there are savings that will occur several years down the road, how to address?
  - Chris Neme: The statute is clear; if you run an MT initiative with savings goals associated with it, in those years the savings achieved will count toward that performance incentive. This provides an incentive for utilities to pursue MT initiatives.
  - Phil Mosenthal: There are also MT programs that have no current savings; may not have savings until the future. How do you count that?
  - Margie Gardner: This should be further addressed in a future Working Group meeting.

## **Overview of Comments and Actions by White Paper Team**

*Margie Gardner, Resource Innovations*

### **Commenter Suggestion: Uncertainty of MT Measurement is Understated**

- The high level of uncertainty in numbers leads to highly contentious results.
- Uncertainty message was enhanced, forum is suggested for policy issues.

### **Commenter Suggestion: Don't Separate MT and RA**

- This is a gray area. The drafting team maintains the distinction; its intent is market level changes and its measurement is market level results.

### **Commenter Suggestion: Accounting for Market Transformation / Resource Acquisitions Overlap**

- Paper proposes 2 options: #1 – melding of RA/MT frameworks; and #2 – use RA savings as currently “evaluated and filed”.
  - ICC Staff: Won't the evaluation on MT occur at the same time as regular evaluations? Suggestion to reference “any non-market transformation verified savings.”
  - Phil Mosenthal: Does this need to be a policy? Or is this something that will vary based on the initiative? Leaning towards option #2.
    - Jeff Harris: This may be highly contentious; specifically avoiding double-counting of savings. This is a policy issue that needs to be addressed. Even in the Northwest where the MT the double-counting issue comes up every year. Suggests considering option #1.
    - Margie Gardner: Suggests the default could be #2, unless there is information made available indicating #1 would be a better choice.
    - Chris Neme: Add language as to why, or the conditions under which something different might make more sense (such as improved accuracy, greater consistency in the evaluation process, etc).
      - Jeff Harris: We will review this section of the paper and propose updated language.

### **Additional Edits**

- Most were incorporated; if you have questions about any edits or clarifications, please reach out to Margie Gardner directly.

## Additional Comments

- Allen Dusault: If a utility offers a market transformation research program within R&D, can savings be counted?
  - Margie Gardner: The protocol we have written does not count any savings until an initiative gets into the market. This may not be the case for a pilot or R&D initiative.
  - Allen Dusault: For example, for the commercial food service pilot project, should savings be counted?
    - Margie Gardner: Since that pilot includes activity in the market, savings could be counted, but there is not a business plan developed for MT commercial food service at this point.
  - Jennifer Morris: This is a question of whether the initiative is evaluated or not. If the initiative is evaluated, savings may be counted.
  - Chris Neme: Agrees, if there is a question of statutory interpretation it would be useful for additional background.
  - Allen Dusault will draft a summary of the issue and send to SAG Facilitator for circulation to the Working Group.

## Next Steps

- The final draft white paper (version 3) was circulated for review on Friday, July 19 to both SAG and the Working Group.
  - Comments are due by COB on Thursday, August 1.
    - Upload comments and any proposed edits in track changes to the SAG MT Savings Working Group folder on the IL-TRM SharePoint website.
    - Please ensure the file name includes the name and/or entity submitting comments.
    - If you need access to the IL-TRM SharePoint website, please email [iltrmadministrator@veic.org](mailto:iltrmadministrator@veic.org).
    - If you have trouble uploading your comments to the folder, please send to Margie Gardner, Resource Innovations: [mgardner@resource-innovations.com](mailto:mgardner@resource-innovations.com) and CC Celia@CeliaJohnsonConsulting.com
  - An updated paper will be circulated on Aug. 12. A Working Group meeting will be held on Monday, Aug. 19 to discuss any final comments.