

**IL EE Stakeholder Advisory Group
Market Transformation Savings Working Group Meeting
Wednesday, Nov. 20, 2019
1:00 – 4:00 pm
Midwest Energy Efficiency Alliance**

Attendees and Meeting Notes

Attendees (in-person)

Celia Johnson
Samarth Medakkar, Midwest Energy Efficiency Alliance (MEEA), Meeting Support
Jim Jerozal, Nicor Gas
Randy Opdyke, Nicor Gas
Jacob Stoll, ComEd
Jim Fay, ComEd
Chris Vaughn, Nicor Gas
Kegan Dougherty, Resource Innovations
Molly Graham, MEEA
Theo Okiro, Future Energy Enterprises
Chris Burgess, MEEA
Alberto Rincon, Future Energy Enterprises
Allen Dusault, Franklin Energy
Jean Gibson, Peoples Gas & North Shore Gas
Leanne DeMar, Nicor Gas
Mark Szygiel, Nicor Gas
Brett Bridgeland, Slipstream
Abby Minor, IL Attorney General's Office
Randy Gunn, Navigant
Nick Dreher, MEEA
Phil Mosenthal, Optimal Energy, on behalf of IL Attorney General's Office
Chris Neme, Energy Futures Group, on behalf of NRDC
Kristol Simms, Ameren Illinois
Stacey Paradis, MEEA
Alison Lindburg, MEEA
Lucy Nandy, MEEA

Attendees (by webinar)

Jane Colby, Cadmus Group
Julie Drennen, Center for Energy and Environment
Natalie Fortman, Opinion Dynamics
Scott Hackel, Slipstream
Sumi Han, SEDAC
Jan Harris, Navigant
Hannah Howard, Opinion Dynamics
Cheryl Jenkins, VEIC (IL-TRM Administrator)
Amy Jewel, Institute for Market Transformation, City of Chicago Mayor's Office
Karen Lusson, National Consumer Law Center
Karianne McCue, Nicor Gas
Zenia Montero, ICF

Jennifer Morris, ICC Staff
Agnes Mrozowski, Ameren Illinois
Patricia Plympton, Navigant
Anthony Santarelli, SEDAC
Ted Weaver, First Tracks Consulting, on behalf of Nicor Gas
Chester Kolodziej, Northern IL Expos and Summits

Meeting Notes

Action items are indicated in **red font** and summarized at the end of the meeting notes.

SAG MT Savings Working Group Next Steps ***Celia Johnson, SAG Facilitator***

Overview of Working Group purpose for 2020 and key activities. Quarterly meetings will be held in 2020. If more than 2-3 topics are needed for discussion at a quarterly meeting, the meeting will be scheduled in-person.

- **A detailed Working Group Plan and schedule for 2020 is in development and will be presented at the first Working Group meeting in 2020.**
- Q for discussion: If information on specific MT initiatives will be added to future versions of the IL-TRM, is a 'savings protocol' template needed?
 - Phil Mosenthal: A policy framework makes sense. We haven't talked about what needs to be included in the TRM. If we have an MT business plan – will we have an appendix in the TRM?
 - A brief summary of key information would be helpful to SAG, including:
 - What the opportunity is and what the concept is
 - Second stage – a more detailed analysis
 - Opportunity briefs – for participants to understand the plan/measure

Midwest Market Transformation Collaborative ***Jim Fay, ComEd and Randy Opdyke, Nicor Gas***

Recent activities:

- MT collaborative successfully hosted 2 in person meetings in 2019.
- The collaborative includes utilities outside of IL.
- No other state outside of IL has an MT 'work paper' framework.
- Criteria/considerations for MT:
 - Is there a clear target market?
 - Are there other non-energy benefits that would drive consumers to adopt?
 - What is the energy savings potential?
- One role of the Collaborative is creating a pipeline of MT opportunities, including putting briefs together to decide whether an MT initiative could be created.

Jim Fay: There is a commercial food service report on Phase 1 of the pilot; initial activity before we moved into the pilot phase. The estimation of market potential is included in the report.

- [CNP Upstream Commercial Food Service Pilot Program: Task 1 Final Report \(Frontier Energy, November 2018\)](#)
- A later decision will be needed as to whether CFS should be an MT initiative or resource acquisition program.

Chris Neme: Can opportunity briefs be shared, such as for Luminaire Level Lighting Controls?

- This is lighting w/ the capacity to be networked.
- **Stacey Paradis: The next meeting of the Midwest MT Collaborative is Dec. 2nd. Governance details are being set up by the Collaborative; will double-check on whether the opportunity briefs can be shared.**
 - **SAG Facilitator will follow-up with MEEA.**

Reminder on Open Market Transformation Policy Questions

Nick Dreher, MEEA

- Brief overview of open policy questions raised by Resource Innovations in July 2019 Cover Memo.
- The goal is to tee up resolution to policy questions at the first Working Group meeting in 2020.

Open Policy Questions:

1. How, if at all, will MT savings be incorporated into utility goals (gas and electric), portfolio cost-effectiveness, and utility performance incentives (electric)?
2. Will adjustments in the Natural Market Baseline be applied retrospectively or prospectively?
3. For what duration will continued market savings be credited to the utility after active utility engagement has ended or been reduced significantly?
4. Related to the duration of counting savings, savings will likely accrue in an energy efficiency planning cycle that has not yet been approved, and significant costs may be in a prior cycle. Will savings in future planning cycles be counted and if so, how?

Brief Discussion on Policy Question 1:

Q1: How, if at all, will MT savings be incorporated into utility goals (gas and electric), portfolio cost-effectiveness, and utility performance incentives (electric)?

- Chris Neme: Needs to think more about this. In the context of incentive structure for electric, not sure it's possible. Timing of the savings could drive decisions on the baseline. Savings crossing from one quadrennial to the next? There may be structural issues. Need to think about potential ramifications.

Brief Discussion on Policy Question 2:

Q2: Will adjustments in the Natural Market Baseline be applied retrospectively or prospectively?

- The IL MT Framework recommends prospective adjustments.
- Chris Neme: Not sure it's possible to do a retrospective adjustment. However, not ready to answer that question today. The third option is to treat it more like a custom program.
- Jim Fay: In what situation should we be treating MT differently than the other programs in the portfolio?
- Phil Mosenthal: In certain scenarios it may make sense to deem savings. The retrospective vs. prospective question may not need to be finally decided for that reason. This question may need to stay somewhat open depending on the initiative. Launching an MT program requires some sense of what a program looks like. Quality of data may be highly variable.

Brief Discussion on Policy Questions 3 and 4:

- *Q3: For what duration will continued market savings be credited to the utility after active utility engagement has ended or been reduced significantly?*

- Q4: Related to the duration of counting savings, savings will likely accrue in an energy efficiency planning cycle that has not yet been approved, and significant costs may be in a prior cycle. Will savings in future planning cycles be counted and if so, how?
- Counting savings from previous plan savings is initiative-specific.
- Phil Mosenthal: MT includes incentives in a pipeline; the quality of the data for a traditional new construction program vs. MT impacts the certainty of estimates.
- Considerations:
 - What is the market baseline – what the market is going to do without utility program?
 - Determine a trajectory for an efficient measure – will require data and expert discussion.
 - What do we think is an achievable potential above and beyond that?
 - Establish baseline, then determine what we can do with the program.
 - How do we measure the impact?
 - Used to delaying with transaction-based data. Info about what was installed on site
 - What are we going to measure, how frequently, how much will it cost to measure?
 - How we're going to track progress in the marketplace
 - Attribution – trying to establish NTG
 - More uncertainty comes from the question of how you will measure it – how will we approach attribution for a MT measure? This should be discussed on the front end.
- Related to the duration of counting savings, savings will likely accrue in an energy efficiency planning cycle that has not yet been approved, and significant costs may be in a prior cycle. Will savings in future planning cycles be counted and if so, how?
 - General group feedback – yes, savings can be counted in future planning cycles.
 - SAG Facilitator to write-up the resolution on the duration of counting savings and circulate to Working Group for review.

ComEd Update on Market Transformation Initiatives

Jim Fay, ComEd

Market Baseline

- How are we going to measure the impact in the market place?
- How frequently are we going to measure?
- How much is it going to cost us to measure?
- How will we track progress in the marketplace?
- How will attribution be determined? This will be a question for specific MT initiatives. This is the next step when ComEd is looking at the investments we would like to make in MT.

The concentration of savings for MT programs is in those “out years” – MT is a nice long-term alternative to short-term EE investments.

Four potential ComEd MT programs in 2020:

- Commercial Food Service
 - In 2020, we want to determine whether this model is better as an MT program or as a traditional program.

- Phil Mosenthal: I don't necessarily see this as an either/or question. Perhaps there is a way to claim both, with extra savings claimed for MT.
- Jim Fay: One purpose of the pilot is to determine whether this program makes sense as an MT or traditional program.
- Chris Neme: There is value to at least having a conversation with non-financially interested stakeholders on making decisions. Need to consider how MT fits into the 2020 Planning Process, to reach settlement on 2022-2025 Utility EE Plan Portfolios.
 - **SAG Facilitator will add MT to the list of potential agreements for utilities and non-financially interested parties for the SAG Planning Process.**
- Building Operator Certification
 - We are considering this as an MT program.
 - Statewide program – all 4 utilities.
- Code Compliance Program
 - We are considering this as an MT program, measuring what is happening in the market.
 - Statewide program – all 4 utilities.
- Retail Products Platform
 - This is a program ComEd has been looking at for some time. This is a national program; concentrated in the retail space. Managed by NEEA.
 - It can be tracked and operated separately from our existing Residential Products Program.
 - Late 2019 decision on 2021-21 program.
 - Allen Dusault: How are you establishing the baseline?
 - By a market projection for each individual appliance that is part of the retail products platform, in conjunction with retailers and the market data they have.
 - Karen Lusson: Is the goal to impact the inventory placed in stores?
 - Yes, that's part of it. The inventory, what is displaced on the shelf and what is promoted within the stores.
 - Kristol Simms: Is there a point where you are no longer cutting a check to Home Depot but still counting savings due to influence in the market?
 - Yes, that's the goal. There is a cycle that Jeff Harris (NEEA) can share in a future meeting.

Code Field Study Results – Residential and Commercial
Alison Lindburg, MEEA

Background on Field Studies

- About 6 years ago, question arose: is there potential savings associated with program that could help builders apply with codes?
- Project financed by IL utilities
- These are field studies in IL
- Are there energy savings to be captured?
- Most states are not complying with codes according to DOE
- Baseline utilities have been using isn't capturing savings
- Need to figure out how much potential there is
- As codes get stronger, less low-hanging fruit
- What is not being complied with vs why codes aren't being complied with
- Also, who is involved, how they're involved, how much of a measure

Objective of Field Studies

- Develop baseline – How buildings are being built relative to code
- Determine if focused training and support can improve compliance
- Periodic feedback for collaborative
- Q: Why were the measures selected for the studies chosen?
 - They were selected by DOE because those measures have the most impact. More information in a DOE report on methodologies.
- Q: How long was data collected?
 - 16 months, based on utility timeline. Project still in phase 1, design
- Compliance/Code Considerations
 - Compliant or not, and measure level compliance
 - Two climate zones in IL per IECC
 - Currently on 2018, before, 2015, not much difference
 - There is an adoption process, some jurisdictions have adopted codes
- Q: You're looking at whether potential measures are compliant relative to code that should've been enforced?
 - Yes
- Compliance Path
 - Performance – tradeoff different measures
 - HERS – score a home, performance path or similar
 - As codes become stronger, it becomes more difficult and less cost effective to enforce a prescriptive code
 - This is an opportunity for us to engage and create a program behind a performance compliance pathway
 - What was found – most homes met blower doors test – but builders aren't testing – they may not know that ventilation is required

Residential Trends

- High lighting compliance likely due to utility programs, not consistent in other states
- Builders are not installing enough insulation
- No geographic trend in non-compliance
- Q: Can jurisdictions adopt a stretch code, such as a cool roof requirement?
 - Yes
- Q: How many homes did the study include?
 - 10,000
- Phil Mosenthal: I have been involved in code compliance in Massachusetts and Rhode Island – we learned that compliance is pretty good and there is not much savings opportunity; both states are now advancing more aggressive codes and compliance.

Commercial Trends

- Every state is extremely different
 - 1st, randomized sampling plan
 - 2nd review building plan and specs
 - Values for the 22 factors
 - Once a site visit is complete, now on to step 4 & 5
- Phil Mosenthal: If a building didn't comply with one part of the code, did they 'over comply with something else?
 - We thought that may be the case, but no.
- These are preliminary results (commercial); still waiting on information on potential.

- Q: How do you resolve not having a statistically relevant sample?
 - We have faith in the numbers, with a few caveats:
 - Most samples on small buildings, because there are many more small buildings being constructed than large buildings.
 - You don't need to review as many buildings if you're looking to represent the market as a whole.
- **Chris Neme: How many of the commercial buildings in the study were served by utility new construction programs?**
 - **Alison will follow-up.**

Potential Program Elements

- MEEA is putting together ideas for program elements. We learned a lot through this study on what types of programs would be most effective.
- There are a number of different ways of evaluating and designing a code compliance program.
- MEEA is still waiting on measure level analysis from commercial building study.
- MT Initiative for Codes
 - Business plan needed, implementation plan – baseline study is getting done, next piece
 - What are the potential programs, timeframe, cost, etc.
 - Verbal commitment from utilities to develop a codes implementation plan but more details need to be finalized
 - Likely ready to move forward within the first half of 2020
 - Currently looking at what a program framework could include
 - There are a number of different ways at valuation and attribution
- Next steps for codes: A codes business plan will be discussed with the Working Group when ready for review in 2020 (anticipated Q2).

Next Steps

- The next Market Transformation Savings Working Group meeting is anticipated in February, and will focus on discussing proposed resolution for open policy questions.

Summary of Action Items

- **2020 Working Group Plan:** A detailed Working Group Plan and schedule for 2020 is in development and will be presented at the first Working Group meeting in 2020.
- **Open Market Transformation Policy Questions:**
 - Proposed resolution on open MT policy questions is in development and will be shared for discussion at the first Working Group meeting of 2020.
 - During the Nov. 20th meeting, there was a request to draft and circulate proposed resolution on whether savings from market transformation initiatives may be counted in a future EE Plan cycle.
 - **Proposed Resolution:** Savings from market transformation measure(s) counted in one Energy Efficiency Plan cycle that last beyond the end of that approved cycle may be counted by Program Administrators in a future Energy Efficiency Plan cycle.
 - **Request for Review:** Please review the proposed resolution and share any feedback during the next Working Group meeting, which will focus on open policy questions (meeting date TBD).

- **SAG Portfolio Planning Process:** SAG Facilitator will add MT to the list of potential agreements for utilities and non-financially interested parties for the 2020 SAG Planning Process.
- **Commercial Food Service Pilot Report:** There is a commercial food service report on Phase 1 of the pilot offered by northern IL utilities. The estimation of market potential is included in the report: [CNP Upstream Commercial Food Service Pilot Program: Task 1 Final Report \(Frontier Energy, November 2018\)](#)
- **Follow-up Questions:**
 - MEEA will follow-up on the number of commercial buildings in the code field study that were served by utility new construction programs.
 - MEEA will follow-up on whether opportunity briefs developed by the Midwest MT Collaborative be shared with the SAG Working Group.