

IL EE Stakeholder Advisory Group

Policy Manual Subcommittee

Small Group Meeting #3: Leveraging Co-Funding

Monday, March 13, 2023

3:00 – 4:30 pm

Teleconference

Attendees and Meeting Notes

Meeting Materials

- Meeting materials are available here:
<https://www.ilsag.info/meetings/subcommittees/policy-manual-version-3-0-subcommittee/>

Attendees (by teleconference)

Celia Johnson, SAG Facilitator
Chris Neme, Energy Futures Group, representing NRDC
Chris Vaughn, Nicor Gas
Elizabeth Horne, ICC Staff
Jared Policicchio, City of Chicago
Jeff Bailey, West Gate Coalition
Jeff Erickson, Guidehouse
Karen Lusson, National Consumer Law Center (NCLC)
Matt Armstrong, Ameren Illinois
Mike King, Nicor Gas
Molly Lunn, ComEd
Nick Warnecke
Phil Mosenthal, Optimal Energy, representing IL AG's Office and NCLC
Rebecca McNish, ComEd
Seth Craig-Snell, SCS Analytics
Sy Lewis, Meadows Eastside Community Resource Organization
Ted Weaver, First Tracks Consulting, representing Nicor Gas
Thomas Manjarres, Peoples Gas & North Shore Gas
Tina Grebner, Ameren Illinois
Victoria Nielsen, Applied Energy Group
Zach Ross, Opinion Dynamics

Meeting Notes

Follow-up items **in red font**.

Opening & Introductions

Celia Johnson, SAG Facilitator

Purpose: To follow-up on the ComEd policy proposal on leveraging co-funding opportunities, from the Feb. 16 Small Group meeting.

ComEd Update

- ComEd is interested in coordinating to bring outside funding into the EE programs where possible, to stretch the impact of ratepayer dollars.
- Clarification in response to PG/NSG question: ComEd proposed a process – not what the savings would be from co-funding. Each opportunity is likely to be different.
- ComEd overview of new policy edits.

Discussion

Karen Lusson: How did the \$1,000,000 threshold come about?

- *Molly Lunn: This was proposed by stakeholders (during the Feb. 16 small group meeting).*
- *Karen Lusson: When will SAG be notified about a \$1,000,000+ opportunity? The timing is important.*
 - *Chris Neme: Suggests adding “prior to the pursuit of such opportunity.” The notification requirement has little value if it occurs after the fact.*
 - *Jared Policicchio: When would this occur? Before pursuing an opportunity, after submitting an application, or otherwise?*
 - *Molly Lunn: Current language is general and gives flexibility. We can discuss adding a certain point in time for the notification, if needed.*
 - *Thomas Manjarres: Suggests adding “if consensus is not reached by the end of that program year.” Notifying too early may be challenging, if the utility doesn’t receive the funding.*
 - *Chris Neme: Perhaps before a utility starts spending the funding.*
- *Elizabeth Horne: What does “annual impact” mean in the policy language?*
 - *Chris Neme: I interpret this as an annual co-funding value of greater than \$1,000,000.*
 - *Zach Ross: If you are not formally braiding funding, but there is an informal leveraging, how are you going to estimate the amount? Some leveraging or co-funding opportunities may be more difficult to define.*

Karen Lusson: How / when will SAG be notified?

- *Molly Lunn: Proposal would be for a utility or a stakeholder to notify SAG about an opportunity greater than \$1,000,000; there may be a conversation about consensus, if needed. If there is no discussion about how the co-funding opportunity would work, the evaluators would review.*
- *Molly Lunn: Removed the language about retrospective NTG, because that would change the way NTG operates in IL (which is prospectively).*
- *Chris Neme: Additional sentence may be needed for clarity – to the extent an opportunity is pursued without co-funding agreement, the utility may be at risk for retrospective savings adjustments related to attribution. Someone will have to make a judgment call about what is the right answer.*
- *Jeff Erickson: When something new comes up after the annual SAG NTG process, we present a NTG for SAG to review. It is prospective from the time the new initiative begins.*

- *Zach Ross: If a program leverages different funding sources that were previously understood, it should be considered a 'new program.' This would mean the co-funding opportunity falls under the existing policy for establishing a new program NTG?*
 - *Molly Lunn: This may work in some circumstances, but may not work for all co-funding opportunities.*
- *Molly Lunn: Reference to IHWAP was removed, may not be necessary for this policy.*
 - *Stakeholders expressed support about the existing IHWAP agreement, however do not think it needs to be referenced in the Policy Manual since a separate agreement exists. Co-funding opportunities will likely be unique and the IHWAP agreement should not be considered to be precedent.*
 - *Karen Lusson (via chat): We see benefits to encouraging the braiding of funds with IHWAP -- hence the, what I would call, very generous savings assumption associated with that IHWAP agreement.*
- *Additional Feedback:*
 - *Karen Lusson (via chat): I would never want to halt the utility from pursuing leveraging opportunities. As a matter of fact, the utilities are obliged to look for those opportunities.*
 - *Karen Lusson (via chat): It might be helpful to walk through examples of: (1) leveraging opportunities that the utilities have come across in the past (outside of IHWAP; and (2) instances where the evaluators disallowed a savings assumption prospectively.*
 - *Sy Lewis (via chat): How complicated is it to give notice / how much documentation is required?*
 - *Thomas Manjarres (via chat): Not complicated at all. I would assume a one sentence email with a link to details about the opportunity would be good enough.*
 - *Karen Lusson (via chat): Suggests adding "for the purpose of said consensus-building discussions" at the end of the policy. The point is that by notifying SAG at that dollar level, the utility is notifying SAG that a conversation is in order due to the amount at issue. I would add that when the utility sends the notification of the \$1+Million opportunity, they should include their preferred savings assumption / net to gross assumption.*
 - *Jeff Erickson: The evaluators plan to discuss. The evaluators are interested in a pre-discussion of scenarios for what this could look like.*
 - *Molly Lunn will follow-up with Jeff.*
- *Feedback from other utilities:*
 - *Nicor Gas: Unclear that this policy is necessary.*
 - *Ameren Illinois: Concerned about adding another process obligation; concerned \$1,000,000 is a difficult threshold to define.*
 - *Peoples Gas & North Shore Gas: Suggests adding examples in the policy.*
 - *Chris Neme suggestion: Instead of "and allocation and treatment of net energy savings" it should be "including, but not necessarily limited to allocation and treatment of net savings.."*
- *Note: Several proposed edits were incorporated during the meeting.*

Closing & Next Steps

Karen Lusson and interested stakeholders will review and propose edited policy language for the utilities to review within 2 weeks (by Monday, March 27)

- If stakeholders are interested in working on edits, reach out to klusson@nclc.org.
- Following utility review of the edited policy, a follow-up small group meeting will be scheduled if needed.