Proposed Policy for Allowing Renewable Energy Measures as Energy Efficiency Measures

1. **Evaluators took the lead in drafting a proposed policy that had input from utilities and SAG members**
2. **Policy proposal defines what Renewable Energy (RE) measures and systems are allowable as Energy Efficiency (EE) measures**
   - Does not specifically define renewable energy
   - The proposed policy grew in complexity and detail in response to "What about this scenario….."
   - Tries to be flexible to the many possible approaches RE could be integrated into meeting end-user needs while defining what is eligible to be counted as energy efficiency
3. **Policy is stated as:**

   "The following conditions define a measure or system is eligible for inclusion in an energy efficiency portfolio when Condition 1, Condition 2, and Condition 3 are true:"

4. **Explained in reverse order from how they were presented in the drafted policy…..**

Condition 3 and Condition 2 MUST be TRUE

- **Condition 3.** The useful output of the measure does not receive incentives from or contribute savings to both Illinois renewable energy programs and Illinois energy efficiency programs.
  - Complex projects could have elements of both RE and EE
  - **Intent:** no double-counting, but allocating output or combining partial incentives is OK
- **Condition 2.** The grid or pipeline connections may provide supplemental electricity or natural gas to the renewable energy device, but energy received from the device (*and delivered to the grid*) is not eligible as energy efficiency.
  - **Intent:** grid connection of a RE device or system for purposes of backup reliability or to power auxiliaries such as controls or pumps should not prevent a device with a primary function to harvest RE as energy efficiency.
  - The RE device could put energy back into grid or pipeline, but that energy does not count as EE
  - Policy should add *and delivered to the grid* for clarity.

Condition 3, Condition 2, and also Condition 1 MUST all be TRUE

- **Condition 1.** The measure reduces usage of grid-connected electricity or pipeline-supplied natural gas because it either (only one of A, B, or C needs to be true):
  - Key Point: reduces usage of grid-connected electricity or pipeline-supplied natural gas
  - Condition 1 provides scenarios of RE that count as EE
  - The Scenarios were developed to address unique aspects of "What about….." questions.
  - Three scenarios (A, B, and C) are given, only one of which needs to be true.
  - These scenarios stand-alone – conditions or exclusions described for one scenario do not always apply to other scenarios.
  - Any given Scenario is not universal – it does not have to apply to any and every scenario
  - If there is a simpler approach than giving a list of scenarios, or if more scenarios are needed, that is useful input.

Only One of Example A, B, or C MUST be TRUE

Scenario A: The measure reduces usage of grid-connected electricity or pipeline-supplied natural gas because it….

….has a renewable energy conversion component that is integral to a single device meeting a specific end-use need – i.e., the RE feature and other features are designed, sold and installed as a single device (e.g., PV built into outdoor lighting) and not as separate components that are connected as a system.

Only One of Example A, B, or C MUST be TRUE

Scenario B: The measure reduces usage of grid-connected electricity or pipeline-supplied natural gas because it….

….is specifically designed to use a form of renewable energy that is naturally available on-site to reduce the grid or pipeline supplied energy required for a specific end-use, without an additional energy conversion step after capture (includes, for example, daylighting, light tubes, solar thermal water heating, natural ventilation, and passive solar space heating).

- The “without an additional energy conversion step” clause was added to exclude, for example, an on-site wind turbine or PV providing electricity facility-wide.

Only One of Example A, B, or C MUST be TRUE

Scenario C: The measure reduces usage of grid-connected electricity or pipeline-supplied natural gas because it….

….utilizes an existing on-site produced bio-based feedstock to produce renewable energy on-site to reduce an on-site energy need. Energy efficiency savings are limited to the feedstock produced on-site and the site-energy reduced. Importation of biofuels and feeding energy into the grid or pipeline may be part of the project, but do not count as energy efficiency.

- The keyword for EE is “on-site”. The RE project may have imported feedstocks (e.g., food waste for a digester) but only the waste generated on-site and the energy utilized on-site counts as EE.
- There can be “additional energy conversion steps” in a system that is built up from components (not sold as a single device) in this Scenario. Some limitations applied to Scenario A or Scenario B do not apply to Scenario C.