

EE SAG

Feedback on 2011 – 2014 Utility Programs/Portfolios

- Framework/Overview Issues
- Program-Specific Issues

EE SAG Teleconference,
Thursday, September 16, 2010

NTG Framework (AG)

- Developed over several months with input from stakeholder group and technical sub-committee
- Through framework, program savings will reflect program activity rather than savings that would have resulted absent program activity
- ICC should adopt NTG Framework

EM&V (AG)

- Retain current utility-contractual arrangement, with ultimate oversight by the full SAG
- Allow DCEO-administered EM&V for DCEO programs, with similar SAG oversight
- To ensure EM&V independence, ICC should require:
 - SAG oversight on EM&V RFPs, EM&V contractors selected; EM&V contracts; EM&V Work Plans
 - Concurrent release of draft reports to ICC staff, SAG, utilities/DCEO without “pre-release” to utilities/DCEO
 - EM&V contractors to respond to SAG questions directly to SAG

Residential DR Programs (CUB)

- DR programs should be included in portfolio consistent with statute
- If utilities can not design cost-effective, residential DR program, then it should be bid out

Achieving Statutory Goals (AG)

- ICC should require utilities/DCEO to demonstrate:
 - Portfolio/Program administrative costs don't exceed 5%
 - Co-delivery maximized to reduce costs, increase customer satisfaction, increase program reach
 - All other funds fully leveraged and integrated into EEPs programs to achieve goals:
 - IPA, tax credits, financing options, on-bill financing

2-3% real discount rate

- The discount rate used in the TRC should reflect the actual choices that consumers make when they trade money now for money later, which they do in markets for debt, equity, and housing
- There, average returns are 0-5% real (net of inflation)
- Energy efficiency is a low-risk investment, so the TRC should use a discount rate in the lower part of this range
- Using the WACC is not appropriate
 - The TRC is not the UCT
 - The WACC is a bundle of different discount rates reflecting the risk of various investments
- **Proposal:** Use a 2-3% real discount rate to evaluate the future costs and benefits of energy efficiency, instead of the WACC
- **Alternative proposal:** Present TRC results on a measure, program, and portfolio basis using both a 2-3% real discount rate and the WACC

Gas-Electric Program Coordination (ELPC, AG)

- Maximize coordination and co-delivery to reduce costs, increase customer satisfaction, increase reach
- Single implementer for gas-electric co-delivered programs
- Common inputs to cost-effectiveness analysis unless clear rationale for difference.

NTG Ratios and Realization Rate

- ICC Staff question/concern
- ComEd to respond

Behavioral Programs (AG)

- As a general rule, these programs should not constitute a significant portion of the portfolio due to the fact that they're not persistent savings.
- Wouldn't want to see that grow to be a significant part of the portfolio
- Should primarily be used as a marketing tool to increase program awareness

Midstream Incentives (AG)

- Good way to help lower the costs of high performance T8 lighting;
- Can help reduce overall costs and capture more lighting savings;
- Assuming air conditioners are not cost-effective (subject to check), we agree not appropriate to pursue

Motor Re-winding Incentives (ELPC)

- Motor re-winding reduces motor efficiency, incentives should primarily be offered for new, high-efficiency motors

Emerging technology/pilot programs

220 ILCS 5/8-103(f)(7)(g): “No more than 3% of energy efficiency and demand response program revenue may be allocated demonstration of breakthrough equipment and devices”

- Testing of breakthrough equipment important for long-term success of portfolio
- The 3% should be used to test and integrate new measures into the portfolio in a way that is systematic and strategic
- **Proposal:** Bring proposed new measures and pilot programs to the SAG technical subcommittee for review and comment, focus on gaps in the portfolio or opportunities for dramatic efficiency