

POLICY DIVISION STAFF REPORT
TO INITIATE A PROCEEDING TO CONSIDER APPROVAL OF
THE FIRST ILLINOIS STATEWIDE TECHNICAL REFERENCE MANUAL FOR
ENERGY EFFICIENCY MEASURES
SEPTEMBER 14, 2012

SUBJECT: Pursuant to Orders in Docket Nos. 10-0562, 10-0564, 10-0568, and 10-0570 (the "Commission's Orders"), this Staff Report is provided to initiate a proceeding to consider approval of the first Illinois Statewide Technical Reference Manual for energy efficiency measures. Although the Commission's Orders were never consolidated, Staff recommends that the Illinois Commerce Commission ("Commission") initiate one consolidated proceeding for efficiency, consistency, and the convenience of all the parties.

SUMMARY

ICC Staff, the utilities, independent evaluators, and other stakeholders (collectively, "SAG participants"¹) have, at the Commission's direction, collaborated to develop the first Illinois Statewide Technical Reference Manual ("IL-TRM" or "TRM") for energy efficiency ("EE") measures, as attached hereto and dated September 14, 2012. The IL-TRM was developed by the TRM Administrator with substantial input from SAG participants. Staff is of the opinion, based upon discussions with the SAG, that there is a consensus among the SAG participants that the Commission should approve the resulting IL-TRM document dated September 14, 2012, attached hereto, which would be applicable for gas program years² 1³ ("GPY1") and 2 ("GPY2") and electric program year⁴ 5 ("EPY5").

¹ The Illinois Energy Efficiency Stakeholder Advisory Group ("SAG") was first defined in the electric utilities' first energy efficiency Plan Orders to include "... the Utility, DCEO, Staff, the Attorney General, BOMA and CUB and representation from a variety of interests, including residential consumers, business consumers, environmental and energy advocacy organizations, trades and local government... [and] a representative from the ARES (alternative retail electric supplier) community should be included." Docket No. 07-0540, Final Order at 33, February 6, 2008.

² The gas utilities' Plan 1 consists of program year 1 ("GPY1") 2011, program year 2 ("GPY2") 2012, and program year 3 ("GPY3") 2013. A program year runs from the June monthly billing period through the May monthly billing period.

³ The IL-TRM is not required to be applied for Ameren GPY1.

⁴ The electric utilities' Plan 2 consists of program year 4 ("EPY4") 2011, program year 5 ("EPY5") 2012, and program year 6 ("EPY6") 2013. A program year runs from the June monthly billing period through the May monthly billing period.

Staff notes that the SAG to date has been unable to reach consensus regarding a number of open questions that some SAG participants regard as "TRM policy issues". Efforts to reach consensus regarding these TRM policy issues are ongoing. Staff expects to recommend that the Commission initiate a proceeding regarding these TRM policy issues at a later date.

Staff recommends that the Commission initiate a proceeding to consider approval of the first edition of the IL-TRM dated September 14, 2012 on an expedited basis, as Staff is of the opinion, based upon discussions with the SAG, such approval is sought by all SAG participants.

IL-TRM BACKGROUND

Pursuant to Sections 8-103 and 8-104 of the Illinois Public Utilities Act⁵ ("Act" or "PUA"), certain Illinois electric and gas utilities are required to file three-year EE Plans with the Commission to meet the applicable EE standards specified in the statutes. 220 ILCS 5/8-103, 8-104. Between September 29, 2010 and October 1, 2010, the Utilities – Ameren Illinois Company d/b/a Ameren Illinois ("Ameren"), Commonwealth Edison Company ("ComEd"), The Peoples Gas Light and Coke Company and North Shore Gas Company ("Peoples Gas/North Shore Gas" or "PG/NSG"), and Northern Illinois Gas Company d/b/a Nicor Gas ("Nicor Gas") (collectively, referred to herein as the "Utilities") filed petitions for approval of EE Plans pursuant to Sections 8-103 and 8-104 of the Act. On December 21, 2010, the Commission entered Orders in Docket Nos. 10-0568 (Ameren) and 10-0570 (ComEd) and concluded:

We further recognize and appreciate that ComEd is developing a TRM. We agree that a TRM can provide substantial benefits to the EEP going forward, and the Commission directs that ComEd will work with other utilities subject to the requirements of Section 8-103 and 8-104 of the PUA and the SAG to develop a statewide TRM in the future. This will allow a consistent format to be developed for a TRM.

ComEd, Docket No. 10-0570, Final Order at 59-60, December 21, 2010. On May 24, 2011, the Commission entered Orders in Docket Nos. 10-0562 (Nicor), 10-0564 (PG/NSG), and 10-0568 (Ameren) and concluded:

Generally, the parties agree that the development of a TRM is appropriate... The Commission directs that Ameren will work with

⁵ The Illinois Public Utilities Act ("PUA" or "Act"), 220 ILCS 5/1-101 *et seq.*

other utilities subject to the requirements of Section 8-103 and 8-104 of the PUA and the SAG to develop a statewide TRM... for use in the upcoming energy efficiency three-year plan cycle. This will allow a consistent format to be developed for a TRM. The Commission also accepts Ameren's recommendation that Ameren, as well as ComEd, and the independent evaluators strive to understand differences in evaluation results and to reconcile differences not driven by differences in weather, market and customers.

Ameren, Docket No. 10-0568, Order on Rehearing at 19, May 24, 2011.

The Commission ordered that Ameren and ComEd work together and with other Illinois utilities to develop a statewide TRM in the future. (ICC Docket 10-0568 Final Order at 70; ICC Docket 10-0570 Final Order at 59-60). Consistent with those Orders, the Commission requires Nicor to participate in the statewide TRM development. The Commission also recommends that the newly-created natural gas SAG participate in developing a statewide TRM.

Nicor Gas, Docket No. 10-0562, Final Order at 30, May 24, 2011.

Also consistent with our rulings in other recent dockets, the Commission agrees that the development of a TRM will be valuable. We direct the Utilities to coordinate with other utilities, DCEO and SAG participants to develop a statewide manual.

Peoples Gas/North Shore Gas, Docket No. 10-0564, Final Order at 76, May 24, 2011.

The IL-TRM dated September 14, 2012, attached hereto, was developed to comply with the Commission's Orders from the Utilities' EE Plan dockets, as quoted above.

IL-TRM DEVELOPMENT

As directed in the Commission's Orders, the SAG participants had the opportunity to, and also participated in, the development of the IL-TRM.

The Utilities first circulated a draft TRM Scope of Work ("SOW") to the SAG e-mail distribution list on June 23, 2011. At the June 28, 2011 SAG meeting, ComEd gave a presentation regarding the TRM and discussions surrounding the TRM began. SAG participants were involved in refining the initial SOW and request for proposals ("RFP").

One of the purposes of the IL-TRM is to provide a transparent and consistent basis for calculating energy (kilowatt-hours ("kWh") or therms) and capacity (kilowatts ("kW")) savings generated by the energy efficiency programs offered in the State of Illinois. To this end, the Vermont Energy Investment Corporation ("VEIC") was retained by the Illinois Energy Association ("IEA") on behalf of Ameren, ComEd, PG/NSG, Nicor Gas, and the Department of Commerce and Economic Opportunity ("DCEO") (collectively, "Program Administrators")⁶ and with input on the selection by the SAG participants, to prepare the IL-TRM for statewide use.

The IL-TRM document is a result of an ongoing review process involving the SAG. The active participants in the TRM development were designated as the Technical Advisory Committee ("TAC"). VEIC met with the SAG and/or the TAC weekly to create a high level of transparency and vetting in the development of the IL-TRM over the December, 2011 through May, 2012 timeframe. The purpose of the weekly reviews was to maximize the level of collaboration and visibility into the measure characterization process. Where consensus did not emerge on specific measures or issues, the IL-TRM contains VEIC's recommended approach along with source. In keeping with the goal of transparency, VEIC compiled a summary of the comments and their status to-date under separate cover. It is Staff's understanding that there is a consensus among the SAG participants that the Commission should approve the resulting IL-TRM document dated September 14, 2012, attached hereto, that would be applicable for GPY1,⁷ GPY2, and EPY5.

Due to the voluminous size of the IL-TRM (i.e., over five hundred pages), Staff expects to post the IL-TRM document dated September 14, 2012 to the Commission's website.

RECOMMENDATION

Staff hereby recommends that the Commission initiate a proceeding to consider approval of the first Illinois Statewide Technical Reference Manual for energy efficiency measures that would be applicable for GPY1,⁸ GPY2, and EPY5. In order to proceed efficiently, Staff recommends that the docket commence with a status hearing.

It is Staff's understanding that there is a consensus among the SAG participants that the Commission should approve the resulting IL-TRM document dated September 14, 2012,

⁶ The IL-TRM uses the terminology, "Program Administrators" to refer to the entities that administer EE programs in Illinois pursuant to Sections 8-103 and 8-104 of the Act. The Program Administrators include Ameren, ComEd, DCEO, Nicor Gas, and Peoples Gas/North Shore Gas.


⁷ The IL-TRM is not required to be applied for Ameren GPY1.

⁸ The IL-TRM is not required to be applied for Ameren GPY1.

attached hereto, that would be applicable for GPY1,⁹ GPY2, and EPY5. The first edition of the IL-TRM was arrived at using the Commission-mandated process, and is compliant with the Commission's Orders.

Staff recommends that the Commission approve the first edition of the Illinois Statewide Technical Reference Manual dated September 14, 2012, attached hereto, for GPY1,¹⁰ GPY2, and EPY5.

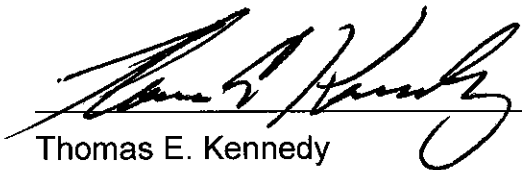
Prepared by:



Jennifer L. Hinman
Economic Analyst
Policy Division

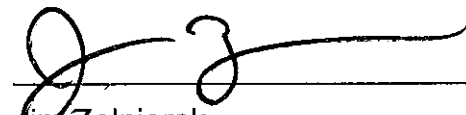
9-14-12
Date

Approved by:



Thomas E. Kennedy
Policy Program Manager
Policy Division

9-14-12
Date



Jim Zolnierak
Policy Division Director

9-14-12
Date

⁹ The IL-TRM is not required to be applied for Ameren GPY1.
¹⁰ The IL-TRM is not required to be applied for Ameren GPY1.