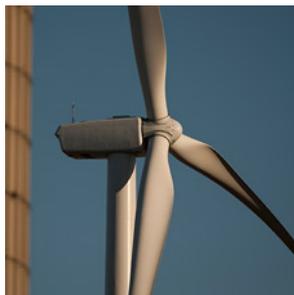


# Energy Efficiency Plan 3 Policy Related Items

Pertaining to Program Years 7-9; June 1, 2014 – May 31, 2017



To the Illinois Stakeholder Advisory Group  
April 30, 2013





## Plan 3 Policy Related Items

- Key Policy Proposals
- Current Framework Issues
- Key Portfolio Administrative Assumptions
- On-Bill Financing
- IPA Incremental Savings
- Other Issues

# Key Policy Proposals

## Support Current SAG process

### Portfolio Flexibility

- Move funds and adjust savings between programs as needed
- Providing notice to SAG when 20% change or greater

### Maintain portfolio level positive TRC

### Adjust electric budgets and savings goal annually

- Currently ComEd adjusts savings goal, AIC does not
- Now AIC is proposing to also adjust savings goal according to budget

# Key Policy Proposals

## EMV Framework

“...a general goal of conducting one impact evaluation and one process evaluation for each program during each Plan cycle.”

In addition to Staff’s request:

“Ameren should have all program impact evaluations completed at least three months before filing its next energy efficiency plan”

Meaning that:

- 1) Every program has to be evaluated in the first year of the Plan cycle
- 2) Therefore subject to severe budget limitations
  - Can only use one year of EMV funds
  - NTG is the most expensive use of EMV funds



# Key Policy Proposals

## Same EMV Framework, continued

Additional Staff request:

“Process evaluations should be conducted as early as possible for programs that do not appear to be achieving the gross megawatt-hour savings as forecasted”

Which is in conflict with NTG EMV having to be performed in 1<sup>st</sup> year;

- 1<sup>st</sup> year budget limitations delays process EMV to 2<sup>nd</sup> year



# Current Framework Issues

**Prospective application of NTG and TRM values is required for certainty**

Otherwise:

- Utility must be risk adverse
- Stifles pilot programs, emerging technology
- Increases elimination of programs mid-cycle
- Increases prudence risk
- Requires screening measures and programs at 1.2 TRC to accommodate risk
  - for filing and ongoing portfolio management
- Decreases EMV funds available for process evaluation

Utility preferred position:

- Gross savings or 3-year deemed

Resolution:

- Stipulated agreement on annual prospective application of NTG and TRM values
- Annually adjust savings goal per prospective NTG and TRM adjustments

# IPA Incremental Savings

IPA savings submitted July 15, approved by December 31

- Prior to Plan 3 September 1 filing

2013 filed IPA programs will be discrete and separate

- As opposed to “expanded”
- Consequence of having to be filed and approved prior to Plan 3

Current framework issues puts programs in jeopardy

- Values not officially deemed
- Flexibility not expressly provided
- Assuming separate budget and EMV
- Will be submitted as a one year program due to uncertainty about values
  - Annual RFP is required

# Key Portfolio Administrative Assumptions

## **Continue Prime Implementer Model**

- SAIC: Business
- CSG: Residential

## **Renew current Evaluator Contract**

## **Maintain “Act On Energy” brand**





# On-Bill Financing

## Preference to continue On-Bill Financing

- \$1.5 million currently being financed by AIC
- Largely HVAC, some insulation
- Hoping it will be renewed
  - Subject to EMV and ICC approval after 3 years
  - cost-effectiveness requirement is unclear and may eliminate program
    - Proposed Order, 11-0689
    - “...any cost-effectiveness analysis should be a forward-looking assessment that focuses on whether the marginal administrative costs of doing new loans are cost-effective in terms of any additional efficiency benefits that will result from the OBF program.”





## Other Issues

### Self Direct Customers

Per Section 8-104:

Available for largest gas customers to opt out of paying into and participating in gas energy efficiency

Limits gas savings and opportunities  
Reduces target savings

Plan 2: 14% of total throughput  
Plan 3: 18% of total throughput

Non-SDC: 112,881,158  
SDC: 24,144,663  
Total: 137,025,821

SDCs
Keystone Consolidated Industries, Inc
Caterpillar, Inc.
Flint Hills Resources, LP
Bunge
Saint-Gobain Containers, Inc.
Pactiv Corp.
Cargill, Inc.
Archer Daniels Midland Company
Marathon Petroleum Company LP
Tate & Lyle
Marquis Energy, LLC
Viscofan USA, Inc.
WRB Refining LLC
Fiberteq, LLC
James Hardie Building Products, Inc.
Big River Resources Galva, LLC
Evonik Goldschmidt Corp.
Illinois Corn Processing, LLC





## Other Issues

### Excessive Litigation

- Numerous pending and annual dockets:
  - Savings
  - Reconciliation
  - TRM Technical
  - TRM Non-concensus
  - IPA submission
- Plus 3 year Plan filing
- Plus overlap of dockets; 10 pending this year alone
  - (Y2, 3, 4 Reconciliation; Y3, 4, 5 Savings; 2 TRM; IPA; 3-year Plan)

***Resolution of prospective application of NTG and TRM values will minimize litigation***

