

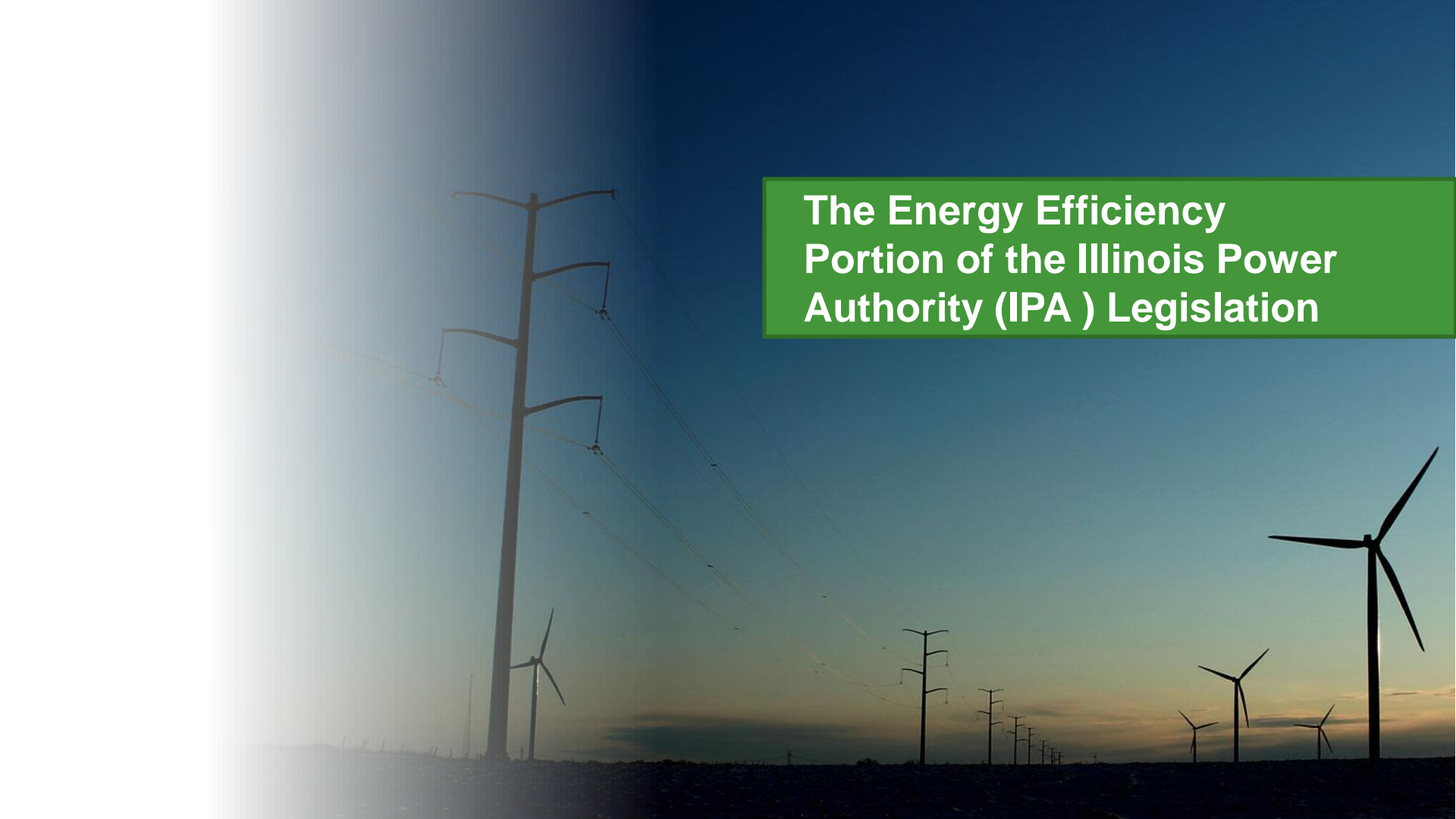
8-103 and IPA Coordination

Stakeholder Advisory Group



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**The Energy Efficiency
Portion of the Illinois Power
Authority (IPA) Legislation**

Background

- Created by SB1652 and revised by SB3811
- Section 16-111.5B of the Illinois Power Agency Act
 - Separate from the electric energy efficiency portfolio standard which is Section 8-103 of the Public Utilities Act
- Part of the Procurement legislation and annual process:
 - The electric utilities provide forecasted electricity needs to the IPA each July 15
 - The IPA develops and submits an annual Procurement Plan each September
 - The ICC provides an Order in December
 - The incremental savings programs are implemented the following June



IL Electric Utility Requirements

- Conduct an annual RFP for new and expanded programs pursuant to 8-103 programs (providing for IPA and stakeholder input in the RFP draft)
- Submit each July:
 - An annual assessment of new and expanded measures and programs for the following year (only) that are cost effective (TRC) with no budget cap
 - All bids received
 - Potential Study updated every three years
 - Recently approved 3-year 8-103 Plan
 - Analysis; leads to a reduction of overall cost in electric service (RIM), how the cost compares to supply (UCT), a savings goal, estimate of how much procurement can be reduced
- Only for those “not declared competitive” (only residential and small business)
- Costs are recovered through the EE rider



IPA and ICC Requirements

- IPA shall include selected energy efficiency programs in its procurement plan (to reduce amount procured)
- The ICC shall approve the EE programs, “if the Commission determines they fully capture the potential for all achievable cost-effective savings, to the extent practicable, and otherwise satisfy the requirements of Section 8-103 of this Act.”

Other Items

- Approved programs are not subject to procurement penalties
- AIC applied 1st TRM Y3 EMV results to determine savings values





2013 AIC IPA Programs

Ameren Illinois


Program	New/Exp	Cost	Net MWH
RES Multifamily	Exp	\$1,128,135	2,731
RES ES New Homes	Exp	\$403,017	372
RES Lighting	Exp	\$7,122,150	19,418
RES CFL Distribution	New	\$558,372	4,710
RES Efficiency Kits	New	\$266,213	2,149
RES All Electric Homes	New	\$7,908,859	11,871
Sm BUS Prescriptive	Exp	\$1,866,028	6,916
Sm BUS Direct Install	New	\$7,890,462	17,921
IPA Total		\$27,143,236	66,088
8-103		\$45,550,000	216,495
Portfolio Total		\$72,693,236	\$282,583

Increases budget by 60%

Increases savings by 30%

IPA cost/kWh vs 8-103 cost/kwh: \$0.21 vs \$0.41 = 100% higher

Customer rates increase from 2% of bill to over 3% of bill



2013 ComEd IPA Programs

ComEd

Program	New/Exp	Cost	Net MWH
RES Lighting	Exp	\$6,597,097	48,654
RES MF Common Areas	Exp	\$3,000,000	17,616
Sm. Bus. Direct Install	Exp	\$19,503,901	71,521
All-Electric SF Retrofit	New	\$807,417	3,489
Door-to-Door DI	New	\$487,750	6,525
Faith-Based Behavioral	New	\$215,000	1,000
Schools DI	New	\$801,328	1,864
IPA Total		\$31,412,493	150,669
<i>8-103 (ComEd Only)</i>		<i>\$122,000,000</i>	<i>824,861</i>
Portfolio Total		\$153,412,493	975,530

Increases budget by 25%

Increases savings by 18%

IPA cost/kWh vs. 8-103 cost/kWh: \$0.15 vs. \$0.21 = 40% higher



**8-103 & IPA
Coordination Issues**

8-103 / IPA Coordination Issues

To facilitate coordination with 8-103 AIC requested:

- IPA savings counted towards 8-103 goals
- Same treatment of flexibility (move funds and savings between programs)
- Same evaluation process and merged EMV budget

Outcome

1) IPA supported flexibility however Staff proposed granting flexibility only if the change increased program cost-effectiveness. **“Additionally, it is Staff's opinion that the utilities shall contemporaneously document such decisions for deviating from the approved plan, and the reasons for making such decisions (e.g., how exactly the deviation is expected to increase cost-effectiveness) using the flexibility granted to them.”**(1)

2) Commission declined to render a decision on these matters and directed Staff/IPA to conduct a series of workshops for future procurement proceedings

(1) #12-0544 AIC Final Order at 238



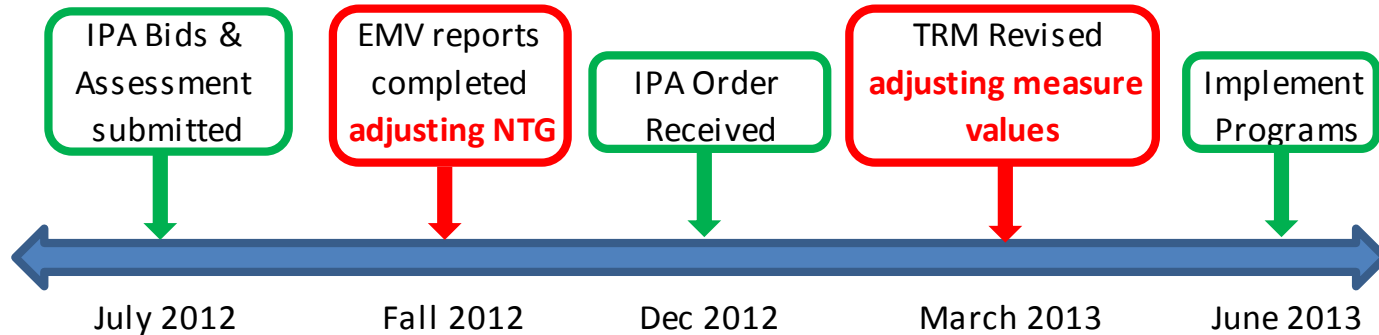
8-103 / IPA Coordination Issues

- IPA and 8-103 savings and budgets have to be managed differently

	8-103	IPA
Flexibility to move measures, programs and budget	√	?
Penalties for nonperformance	√	
Evaluation required	√	
3-year plan	√	
Budget cap	√	
Docket for Savings	√	

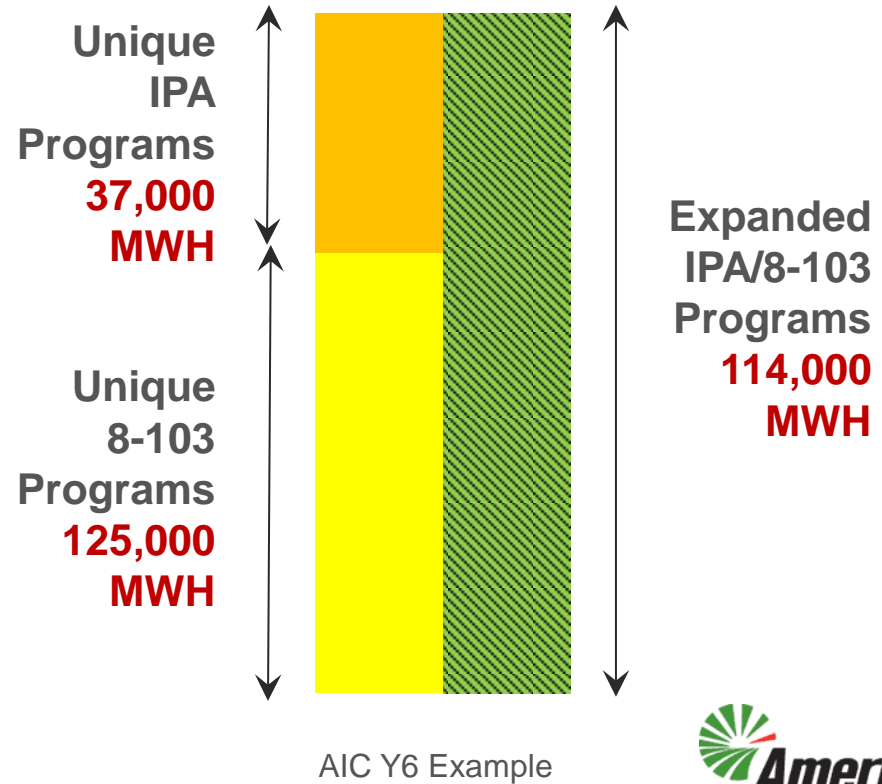
8-103 / IPA Coordination Issues

- Values are adjusted by the time implementation occurs
- Yet implementers are held to the program savings and costs as submitted and ordered



8-103 / IPA Coordination Issues

- **Unable to separate IPA vs 8-103 portion of expanded programs**
 - Costs are distributed through entire expanded program; can't differentiate IPA vs 8-103 customers
- Savings Dockets & Penalties
 - How can 8-103 savings be determined?



8-103 / IPA Coordination Issues

- TRC Implications
 - Measures that passed TRC for 3-year Plan filing do not pass for the annual IPA filing
 - Avoided costs are not updated annually for the 8-103, 3-year plan measure TRCs
 - Yet same measures get new avoided costs for the IPA submission assessment (expanded programs)
- Increases risk of disallowance



8-103 / IPA Coordination Issues

- PY7 IPA Submission vs. PY7-9 (3 year plan)
- Must provide PY7 incremental savings prior to knowing what PY7 savings are!
- Obtain order for PY7 incremental savings prior to PY7-9 order!

