



Illinois
Department of Commerce
& Economic Opportunity

Pat Quinn, Governor

Illinois Energy Now:

Natural Gas Self-direct Customer (SDC) Program

Stakeholder Advisory Group

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Section 8-104(m) of the Public Utilities Act

- ⦿ **Power plants** using natural gas are exempted from 8-104
- ⦿ Large gas users may apply to DCEO to be designated a “**Self-directing Customer**” (SDC)
- ⦿ Large users that use 60% or more of their natural gas as a feedstock may also apply to be an “**Exempt Customer**”
- ⦿ Annual usage in aggregate within a service territory or 8 million therms statewide
- ⦿ Approved SDCs must:
 - Create an energy efficiency reserve account, equal to the lesser of 2% of the customer’s cost of gas or \$150,000
 - Use such funds to undertake energy efficiency measures of their choosing
 - Annually report to DCEO on expenditures and energy savings

Note: SDC-eligible large users are those with NAIC numbers beginning with 31, 32, or 33 and annual usage \geq 4 million therms in a utility territory or \geq 8 million therms statewide and.



Natural Gas Self-Direct Customers

- ⦿ 30 large energy users were approved as Self-Direct Customers (SDCs), 2 entities are “Exempt” customers during 1st application cycle in Jan. 22, 2010
 - 34 applied, but one was rejected, and 3 others decided to withdraw from SDC status before program started
 - One of 30 approved has had their status revoked, and two others are in danger of having their status revoked
- ⦿ 6 additional large energy users were approved as SDCs during 2nd application period in Jan. 2013; there was a 7th new SDC, but they withdrew from the program
 - SDC status begins in June 2014
- ⦿ 2 additional SDCs were added during special application period in September 2013 (HB1534)
 - SDC status began in December 2013
- ⦿ Currently, there are 37 Self-Direct Customers and 2 Exempt
 - Total gas usage of these large users is over 930 M therms per year

SDC Annual Reporting Requirements

- **Must be submitted by October 1 of each year for previous program year** and include:
- **Documentation that the reserve account was established** and the annual funding level required to be in the account – equal to 2% of the customer's cost of natural gas, composed of the commodity cost and delivery service charges paid to the gas utility, or \$150,000.00, whichever is less.
- **A listing of all deposits and reductions** to the reserve account during the reporting year and the reserve account balance by month. If the deposits within the year amount to less than \$150,000, provide a justification for the reduced deposits.
- **Verification by an officer or plant manager** of the company, or by a registered professional engineer or certified energy efficiency trade professional, **that any funds** withdrawn from the reserve account **were used for energy efficiency measures**.
- **A description of energy efficiency measures** undertaken by the company and paid for in whole or in part with funds from the reserve account during the program year. May include project descriptions, drawings, plans, or other related information. Must indicate the facility(ies) where the work was completed.
- **An estimate of the energy saved**, or to be saved, by the measure and rationale for determining the estimate. This may include model results and calculations.

Some key language

- ⦿ [T]he customer will accrue funds in said account to be held **for the purpose of funding, in whole or in part, energy efficiency measures of the customer's choosing**, which may include, but are not limited to, projects involving combined heat and power systems....
- ⦿ The Department shall have **the right to audit the information** provided in the customer's application and annual reports

ICC Order – 13-0499

- ⦿ *DCEO should be directed to use energy efficiency funds to audit the natural self direct program, DCEO should be directed to report the verified savings to the Commission and the Stakeholder Advisory Group on an annual basis.*

Natural Gas Self Direct Results

First Year Reports (2012)

- ◎ In the first year of the program, the original 30 SDCs accrued \$3.2 million in their reserve accounts
- ◎ 18 SDCs reported that they conducted some energy efficiency projects during year 1, spending approximately \$388,000 from the reserve accounts (12% of reserves).
- ◎ Projects included:
 - boiler replacement
 - replacement of steam traps
 - replace air compressor with new heat-recovery air compressor
 - installation of controls to automate steam flow system
 - repair leaks in gas distribution system
- ◎ SDCs estimated savings from these projects are 4.7 million therms



Evaluation of SDC Program

- ERC – verifying the energy savings from the projects completed under the first three-year cycle
- ADM Consulting – to verify the savings in the second three-year cycle under evaluation contract
- NRDC – to collaborate with DCEO on white paper making recommendations on SDC program

Questions?



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