

IL EE Stakeholder Advisory Group

Tuesday, May 27th, 2014

12:30pm – 4:30pm

Midwest Energy Efficiency Alliance

20 North Wacker Drive, Suite 1301

Call-In Number: 760-569-6000

Passcode: 844452#

Time	Agenda Item	Discussion Leader
12:30 – 12:45	Opening and Introductions	Annette Beitel
12:45 – 1:30	DCEO Natural Gas Self-Direct <ul style="list-style-type: none">• Overview:<ul style="list-style-type: none">○ Commission Directives○ DCEO past program operation to date• DCEO Current Program<ul style="list-style-type: none">○ Pre-installation verification requirements?○ C/E or cost/unit energy caps?○ DCEO plans to audit/verify savings?○ When do funds return to general pool?• DCEO perspective on additional Large C&I Customer Pilot <p>Purpose:</p> <ol style="list-style-type: none">1. Educate SAG about DCEO plans to audit and verify savings from natural gas self-direct customers.2. Solicit input from SAG on possible program improvements.3. Should DCEO also offer Large C&I Customer Pilot in addition to enhanced self-direct program or would this pilot be redundant?	David Baker, DCEO

1:30 – 2:15	DCEO Combined Heat and Power (CHP) <ul style="list-style-type: none"> • Overview • Commission directives • Discussions Purpose: Educate SAG about DCEO plans for CHP.	John Cuttica – Energy Resources Center, UIC
2:15 – 2:30	Break	
2:30 – 3:15	Ameren IL Report-out: Large C&I Pilot Program <ul style="list-style-type: none"> • Report on discussions with large C&I customers • Will a program go forward? ACT: Determine next steps.	Keith Goerss, Ameren IL
3:15 – 4:05	“Big Initiatives” Discussion <ul style="list-style-type: none"> • Review list of initiatives • Identify: <ul style="list-style-type: none"> ○ Proponent ○ Rationale ○ Impact • Discuss process for selecting 2 – 3 <ul style="list-style-type: none"> ○ SAG voting OR <ul style="list-style-type: none"> ○ Identify initiatives that could have highest impact ○ Identify areas that are currently underserved? ○ Other? ACT: SAG to discuss list and agree on process for narrowing to 2 – 3 initiatives.	Rob Kelter, ELPC; Annette Beitel
4:05 – 4:20	TRM Version 4.0 <ul style="list-style-type: none"> • Scope of work submitted to contract managers • TRM work to begin June 1st ACT: Stakeholders / Utilities / DCEO submit list of measures, indicating priority, to VEIC by June 6th. TAC to discuss at June 10 th teleconference.	Erin Carroll, VEIC

4:20 – 4:30	Closing	Annette Beitel
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Attendee List

Annette Beitel, EE SAG Facilitator
Celia Johnson, EE SAG Senior Policy Analyst
Roger Baker, ComEd
Mike Brandt, ComEd
Mary Sutter, ODC
John Cuttica, Energy Resources Center, UIC
Stefano Galiasso, Energy Resources Center, UIC
Cliff Haefke, Energy Resources Center, UIC
Grace Pedersen, Energy Resources Center, UIC
Tim McAvoy, CLEAResult
Ian Adams, MEEA
Keith Goerss, Ameren IL
Ashley Collins, 360 Energy Group
Pat Michalkiewicz, Peoples Gas-North Shore Gas
Paul Isaac, Franklin Energy
Hammad Chaudhry, Nicor Gas
Jim Jerozal, Nicor Gas
David Baker, DCEO
Chris Vaughn, Nicor Gas
Doug Newman, MEEA
Pat Sharkey, Environmental Law Counsel / MCA
Curt Volkmann, ELPC
John Paul Jewell, ELPC
Karen Lusson, IL AG
Randy Gunn, Navigant
Rob Neumann, Navigant
Tim Melloch, ComEd
Becky Stanfield, NRDC
Cassandra Kubes, MEEA
Anne McKibbin, Elevate Energy
Marcella Bondie Keenan, Elevate Energy
Andrew McCarthy, Sealed
Jamie Peters, Energy Savvy
Rob Kelter, ELPC
Kristin Munsch, CUB
Mike McMahan, CUB
Koby Bailey, Peoples Gas-North Shore Gas
Adam Margolin, Quarles & Brady / REACT
Jennifer Fagan, Itron
John Moran, Peoples Gas-North Shore Gas
Dan Rourke, DRS Consulting
Steve Baab, ComEd
Ken Woolcutt, Ameren IL
Jonathon Jackson, Ameren IL
Shraddha Raikar, Energy Resources Center, UIC
Andrew Cottrell, AEG

Michael Marks, AEG
Deb Perry, Ameren IL
Ben Lipscomb, PECI
Bob Stephens, BAI / IIEC
James Gowen, ADM
Chris Neme, Energy Futures Group, on behalf of NRDC
George Roemer, Franklin Energy
Agnes Mrozowski, Ameren IL
Vishy Titumalashetty, Itron
Taria Dees, Nicor Gas
Jeremy Offenstein, ADM
Mark Kelly, Caterpillar / IIEC
Norma Elizondo, ShowerStart
Blake Baron, Giordano & Associates, Ltd
Jim Zolnierek, ICC
Julia Friedman, MEEA
Graeme Miller, UIC
John Madziarczyk, Nicor Gas
Ryan Hoger, Temperature Equipment Corporation
Wade Morehead, CSG
Cheryl Miller, Ameren IL
David Diebel, ADM
Andrey Gribovich, UIC
Jennifer Hinman, ICC Staff
Jim Zolnierek, ICC Staff
Keith Martin, Ameren IL
Ted Fetters, Willdan
Jim Fay, ComEd
Malcolm Quick, Nicor Gas
Claire Tramm, Chicago Infrastructure Trust

Meeting Notes

Follow-up items are indicated **in yellow highlight**.

Introduction, Annette Beitel

DCEO Natural Gas Self-Direct Program, David Baker, DCEO

- Section 8-104(m) of PUA creates three different types of exemptions. Focus of discussion will be on self-direct customers.
 - Annual usage must be more than 4 million therms in a utility territory or 8 million therms statewide.
 - There are currently 37 self-direct customers; 2 are exempt.
- Annual reporting requirements – submitted for previous program year on October 1st.
- Overview of key statutory language
- ICC Order – 13-0499
 - EEPS funds can be used to verify energy savings.
- Pat Michalkiewicz, Peoples Gas-North Shore Gas: is the 4.7 million net or gross?
 - David Baker, DCEO: It is a gross number. It is the company's estimate of savings from their current usage of gas.

- Chris Neme, Energy Futures Group/NRDC: Concerns about measures. What if a boiler replacement is not for high efficient equipment?
 - David Baker, DCEO: DCEO has not questioned the measures that were installed. DCEO does not hold the money. Customers have to demonstrate they have created a fund. DCEO has interpreted that customers can opt out at any time. DCEO has allowed customers to opt back in as well.
- Tim Melloch, ComEd: Are there requirements to spend the money?
 - David Baker, DCEO: DCEO interpreting customers have to eventually spend money on efficiency measures. Customers can accumulate and spend money at a later date.
- Ian Adams, MEEA: Are any surveys being completed asking customers what they plan to do?
 - John Cuttica, ERC/UIC: Going forward, DCEO will use evaluators. Going back, ERC will go through past three years of reports and see what customers claimed as energy-saving measures. ERC will determine whether they are energy-saving measures and report back to DCEO. ERC will look at energy savings to see what was calculated, how calculated, to determine whether anything meaningful was completed. Evaluation will be complete this fall, perhaps in September (first two-year reports).
 - DCEO to come back in November to SAG to provide an update.
- Tim Melloch, ComEd: There was recent legislation for electric customers introduced, almost exactly the same as gas statute. Proponents of the bill stated it was very successful for gas.
 - David Baker, DCEO: Savings seem cost-effective, but whether it has been successful is still an open question.
- Annette Beitel, SAG Facilitator: Does DCEO have the authority to put more controls into the program?
 - David Baker, DCEO: Critical question is what is energy efficiency? If there is agreement on definition, DCEO would like Commission to weigh in.
- Mary Sutter, ODC: Are large customers participating in the program?
 - Jim Jerozal, Nicor Gas: Nicor Gas has reached out to customers that have opted out or that are thinking to opt out.
- Pat Sharkey, Environmental Law Counsel/MCA: What is the advantage to being in program?
 - Jim Jerozal, Nicor Gas: Customers can get more out of the program than they pay in.
- Keith Goerss, Ameren IL: When customers opt-out, they do not pay any money in. Ameren has had about 20 customers opt out- this is a fairly high percentage (representing hundreds of accounts). It is an on-going process. Customers leaving and going to self-direct has had a small impact on the EEPS budget (as it is 2% of the distribution charges). Instead, it has an impact on what every other customer pays into EEPS.
- Pat Michalkiewicz, Peoples Gas-North Shore Gas: Only a handful of customers (less than 5) have opted out of program. Customers have been educated about the programs; showing customers how much they are spending has made a difference in participation. Many customers were not aware.
- David Baker, DCEO: Large C&I Program Update – DCEO will look at what comes out of ComEd’s process, and see if it makes sense to change any processes and whether to offer a similar program.

- Follow-up: A single DCEO subcommittee meeting will take place following Ameren Illinois completing the pilot program template.

DCEO Combined Heat and Power (CHP) – John Cuttica, Energy Resources Center, UIC

- ERC has been working with DCEO on putting this program together. Commission order approved a DCEO Public Sector CHP Program. Order also directs DCEO and the utilities to work with the SAG to incorporate a standardized energy savings calculation methodology for CHP into the IL TRM.
- Overview of planned program timeline – will plan to release in early June.
- Annette Beitel, SAG Facilitator: Does DCEO expect to get more applications than there is funding available?
 - John Cuttica, ERC/UIC: Not sure, hopeful that a fair amount of applications will come in. Budget is \$12 million over a 3-year period.
- Overview of project eligibility
 - If there are existing CHP systems that have not been operating for 3 years and there is a 2-year payback to get those systems operating again, DCEO thinks it can qualify under this program.
- Keith Goerss, Ameren IL: What qualifies, both gas and electric customers?
 - John Cuttica: If savings will be claimed on both gas/electric side, customer must be both. If customer is electric-only, that will affect the incentives.
- Overview of incentive structure
 - Total incentive capped at \$2M or 50% of project cost, whichever is less
 - 2/3 has to come under production incentive
- Mary Sutter, ODC: Who picks up the cost of EM&V? Is there a protocol?
 - John Cuttica, ERC/UIC: It is part of the cost of the project. There is a protocol, included in RFA. This is modeled by Baltimore Gas and Electric and other utilities in Maryland.
- Measuring and calculating annual energy efficiency – it is important to where you put the meter.
- Feasibility analysis – applicants must provide a fair amount of information.
- Karen Lusson, IL SAG: Phil Mosenthal stated in the docket that the calculation should have included any additional gas used.
 - John Cuttica ERC/UIC: the calculation does use this; it includes the extra fuel.
- If the CHP system operates more than 6,500 hours per year, the heat rate used is the base. If operating less than 6,500 hours per year, the non-base load heat rate will be used.
 - Becky Stanfield, NRDC: NRDC appreciates that this was taken into account.
- Pat Sharkey, Environmental Law Counsel / MCA: While we are setting up the DCEO CHP Program, we need to keep in mind questions will come up in a CHP committee.
 - John Cuttica, ERC/UIC: Hopes that we don't start over again in a CHP subcommittee.
 - David Baker, DCEO: Study of energy benefits was completed for EEPS.
- Keith Goerss, Ameren IL: How do renewable standards affect this type of generation? Eventually 15-20% of the load will be served by wind power.
 - John Cuttica, ERC/UIC: It isn't; E Grid data is used. Ameren is in a different region than ComEd. RFA includes heat rates that are being used.
 - Chris Neme, Energy Futures Group/NRDC: The only system that will run less due to a CHP installation is a fossil system?
 - Keith Goerss, Ameren IL: The renewable requirement takes load off the system.
- Splitting gas and electric has not been done in many states.

- Becky Stanfield, NRDC: NRDC remains concerned about assumption of 75/25 (electric vs. gas). In some cases gas uses will go up as a result of CHP system, where electric will go down.
- John Cuttica, ERC/UIC: Open to other approaches.
- Chris Neme, Energy Futures Group/NRDC: It seems like data is already there to know exactly what the split is for each system. Why not use the actual electricity savings and natural gas used, for the purpose of tracking savings?
 - Tim Melloch, ComEd: Site vs. source gain is what is being looked at.
 - John Cuttica, UIC/ERC: Energy efficiency measure is one that reduces the total BTU savings. Other states are using this approach. John to follow up with Chris Neme.
 - Pat Sharkey, Environmental Law Counsel/MCA: Mentioned concerns about this discussion not being held with the full SAG.
 - This issue will likely come up in the context of CHP committee.
- TRC calculator will be part of RFA.
- Evaluating applications – all will come in at one time.
- John Cuttica, ERC/UIC: SAG should develop a CHP subcommittee, and use ICC-approved methodology as a strawman to begin the discussion.
- Tim Melloch, ComEd: A challenge for the SAG is in this formula, gas companies may be incentivized even though gas use may go up.
 - John Cuttica, ERC/UIC: Has SAG looked at electric industry? Geothermal?
- Keith Goerss, Ameren IL: When do we discuss the policy issues?
 - Annette Beitel, SAG Facilitator: We have not discussed CHP yet in subcommittee because of the gas EE dockets being open. Will follow-up with PG-NSG and Nicor Gas about whether there are issues that may be up subject for an application for re-hearing.
 - Pat Sharkey, Environmental Law Counsel, MCA: The subcommittee should be set-up soon; it will be difficult to delay since there is a 3-year clock on projects. Energy savings and how it is calculated is the biggest issue.
 - Annette Beitel, SAG Facilitator: Plans to wait another week for Peoples Gas-North Shore Gas and Nicor Gas to discuss with counsel; will ask John Cuttica to help us understand the technical issues in dispute, put together comparison exhibit.

Large C&I Customer Pilot Report-Out – Keith Goerss, Ameren IL

- Large C&I language in Ameren IL's Final Order differed from ComEd's Final Order. Ameren IL reached out to all large C&I customers for discussion.
- Large C&I customers – over 5 years, about 1/3 have not participated
- Draft pilot template – this is not meant to be a consensus document; this was Ameren IL's creation of a pilot based on conversations with other parties and listening in to the ComEd process.
- Comments from large C&I customers:
 - It is difficult to do projects on an annualized basis.
- Ameren IL plans to move forward with this program – overview of program template.
 - Customers over 10 MW initially qualify
 - If program is under-subscribed, Ameren will go back to open up to customers under 10 MW
 - There will be a 30 day open enrollment period; this would end application period around August 1st.
- Chris Neme, Energy Futures Group / NRDC: Is the 40 cents the same as ComEd?

- Roger Baker, ComEd: 40 cents was the upper end for ComEd.
- Annette Beitel, SAG Facilitator: If it is determined that a customer's project is a free-rider, would it move forward?
 - Keith Goerss, Ameren IL: No, because the project would not pass the TRC.
- Pat Sharkey Environmental Law Counsel/MCA: Is the order clear on measure-level vs. project-level TRC or is clarification needed as it was in ComEd's order?
 - Keith Goerss, Ameren IL: Ameren IL can move forward on a project-basis for TRC; that language was clear in order.
- Methodology in payments to customer is similar to ComEd, but Ameren IL plans to pay 12.5 cents per kWh. In order for Ameren IL to meet goal, they must average 10 cents per kWh.
- CHP will not be eligible in this pilot until the rules for Illinois are set forth.
- Karen Lusson, IL AG: Contribution question- how much money have customers contributed to the program?
 - Keith Goerss, Ameren IL: Over the past year, large C&I customers contributed \$10-11M.
- Cliff Haefke, ERC/UIC: How many accounts qualify?
 - Keith Goerss, Ameren IL: 40-50 accounts qualify.
- Pat Sharkey Environmental Law Counsel/MCA: Why is the amount customers contribute so different from the number of accounts?
- Keith Goerss, Ameren IL: There is greater potential for there to be an over-prescription in this program compared to the ComEd program.
- Mark Kelly, Caterpillar/IIEC: Remains concerns about the customer eligibility issue as it relates to multiple sites and aggregating a number of sites under a 10 MW site. The problem may be worse due to the \$1.7 million budget for Ameren (ComEd's budget is higher). However, the company will not stand in the way of implementation.
- Bob Stephens/IIEC: No comments to add; this is Ameren's document and it is not a consensus document.
- Rob Kelter, ELPC: Will customers be served by this program?
 - Bob Stephens/IIEC: Has heard both yes and no. It will be up to members whether to participate.
 - Mark Kelly, Caterpillar/IIEC: Due to budget restrictions, it is less likely than Ameren would be under-prescribed and allow additional sites (less than 10 MW) and be aggregated by one customer into the program.
 - Keith Goerss, Ameren IL: These large customers are already making up 40% of the savings in these programs, so something must be working for them. This is a pilot and an opportunity to learn.
- ComEd will be coming back to SAG 6 months after launch to discuss a Large C&I Pilot Program update; Ameren IL will come back to the SAG during the same timeframe to discuss how the Large C&I Pilot program is going.

Energy Efficiency Potential in IL – Rob Kelter, ELPC

- Overview of memo; how can we fulfill additional potential? (Ex: Weatherization of commercial and industrial buildings). Questions to address:
 - How do we leverage our resources?
 - Where does the greatest potential lie for EE savings?
 - How do we get there?
 - What can we do outside of utility-run programs? Can these issues be addressed in the SAG? There is a lot of flexibility; Chairman Doug Scott has mentioned the SAG should discuss wasted energy.

- Fundamental problem that gas programs are experiencing limited funding.
 - Potential studies – how were they utilized in EE Plans?
- David Baker, DCEO: It sounds like what is being discussed is a change in codes and standards.
- Becky Stanfield, NRDC: SAG can have productive conversations about the following: 1) Carbon pollution rules will be announced on June 2nd; a sub-set of SAG members should be collaborating on this. 2) Benchmarking ordinance. 3) Getting more money into affordable housing programs, to offer a more comprehensive programs (not only direct-install).
 - Chris Neme, Energy Futures Group/NRDC: Benchmarking is potentially an opportunity on residential side as well; for example, a market transformation program.
 - Anne McKibbin, Elevate Energy: There is a lot of possibility in real estate. Elevate is working with a real estate agent; education is needed.
- Example: City of Chicago stated a goal to weatherize 400,000 bungalows.
 - Tim Melloch, ComEd: This is very costly.
 - Randy Gunn, Navigant: The price of natural gas is a constraint.
- Does the legislation need to be changed? IL is poised to be a leader.
 - Keith Goerss, Ameren IL: Legislation goes after first-year, annual savings. This pushes utilities to programs that have higher first-year potential. Lifetime savings are not counted.
 - Chris Neme, Energy Futures Group/NRDC: Lifetime savings would be a change in the right direction.
- Becky Stanfield, NRDC: One component missing in last potential studies – what is the additional potential once smart meters are installed? Perhaps this could be an addendum to the potential studies.
- Jim Jerozal, Nicor Gas: Performance incentives for utilities maximizing EE should be considered; mentioned a move away from TRC, cost of evaluation.
- Pat Sharkey, Environmental Law Counsel/MCA: Industrial customers wanted to get more out of the programs; large C&I programs are a step in the right direction.
- Randy Gunn, Navigant: Navigant is completing benchmarking across the U.S.; other utilities are paying 4-7% with rates that are higher than they are in Illinois. EE in Illinois is a negative-system for utilities; they are penalized for not meeting goals but there is no upside incentive.
- Karen Lussion, IL AG: if more utility costs were put in the variable charge, it would increase the incentive for EE. Utilities should promote the fact that ratepayers are paying for this program. There needs to be a 'one-stop shop' place for customers to find out about programs.
- Next steps: Rob would like to get feedback from participants; Rob and Annette to discuss.

TRM Version 4.0 – Erin Carroll, VEIC

- July 1st – TAC must inform the evaluators and others which are high, medium and low priority measures.
- October 1st – New work papers will be completed.
- VEIC assumes there will be approximately 40 open items on the tracker.
- Calculating savings for CHP – Erin thinks this will be difficult as a TRM item. This will be identified as an issue for participants to weigh-in on for the June 10th teleconference.
- Timeline: by June 6th, send list of measures to Erin. Including whether it is a new measure or an update to an existing measure. VEIC will consolidate the lists, group

them, which need work papers prepared; review as a team. Will discuss further at June 10th TAC teleconference.

Next steps:

- June 10th TAC – 10:00am-Noon
- June 24th SAG tentative agenda –
 - IL EE Policy Manual
 - Gas utility orders
 - Resource Insight study on non-energy benefits
 - CHP Pilot – moving forward with a subcommittee
 - Smart Devices – ELPC and CUB