

MEMORANDUM

5/22/14

TO: SAG participants

FROM: Rob Kelter

SUBJECT: Discussion future EE programs

Six years ago when we started this process Illinois had no energy efficiency programs. During that time, thanks to the utilities, DCEO and the SAG we have made great progress and created some good programs in Illinois. However, when we discuss programs it seems to be in the context of how do you utilities meet their three year targets. Along those lines, the SAG seems to address program issues in a random way without a long term plan. I think now we should take a step back and look at what we are trying to achieve in terms of energy efficiency, and what role the SAG should play.

The big question is now that the low hanging fruit from lighting is going away, what can Illinois be doing to tackle some of the big picture issues and what role does SAG play in that process? A number of steps I believe Illinois should take do not jibe with the traditional run energy efficiency programs. Moreover, are we using our utility EE resources optimally?

I recommend that we look closely at the potential studies and the wasted energy studies and figure out what will provide the greatest emissions reductions and consumer savings for the dollar. Inherent in that question, should we continue to put resources into twenty different residential and commercial programs or should we focus on a few that will deliver the greatest savings? I think we should also figure out what if anything fits in to utility run EE programs, and what requires changes in laws or codes? The wasted energy study raises numerous issues and I'm not sure any of them fit in to utility run programs.

In terms of big picture issues, we know there is great potential weatherizing commercial and residential building. How do we do that in light of the cost? Should we be focusing more on the multi-family utility programs? It's my understanding that this has been a very successful program, but how do we move from weatherizing 15,000 units per year towards the 1,000,000 that need weatherization? This is only an example. Do smart thermostats offer savings potential? If yes, what do we do to get them in homes and businesses? Do OBF programs play a role with weatherization? I don't think the current framework for OBF works because the rates are too high and the screening of candidates focuses too heavily on credit scores. Do we need a legislative change to the program that takes it out of the hands of the banks that bid, and requires utilities to do low or zero interest loans?

Another issue that needs addressing is the lack of funding for gas programs. We have reached the point where the gas and electric companies seem to be cooperating to run joint programs, but the gas companies do not have enough budget to do any of the weatherization efforts that we need. This seems to require a legislative fix. Is this a SAG issue?

I also think we should have a discussion about M&V issues. It seems that we have spent a great deal of time and energy (money) coming up with a good TRM and a good NTG framework. That being said, moving forward should we be looking at how to use new information from smart grid and smart meters to analyze customers' bills? Is there a better way to do M&V?

Trying to fit all of the above into a neat summary is difficult, but I think we should ask the following:

- Where does the greatest potential lie for EE savings?
- Of that potential, what fits in to traditional run EE programs and what falls outside of the traditional run programs?
- How do we maximize return on the utility program budgets?
- What role does the SAG play going forward? Should it start to focus on a few critical issues?
- Do we set up another process for issues that fall outside the SAG?

Look forward to the discussion on Tuesday.