

IL EE Stakeholder Advisory Group

Tuesday, January 27th 2015

10:30 am – 4:30pm

Environmental Law & Policy Center (ELPC)

35 E. Wacker Drive, Suite 1600, Chicago

Call-In Number: 760-569-6000; access code 844452#

Webinar registration: <https://attendee.gotowebinar.com/register/8593977860206139906>

Monthly SAG Meeting Agenda

Time	Agenda Item	Discussion Leader
10:30 – 10:45	Opening and Introductions	Annette Beitel, EE SAG Facilitator
10:45 – 11:15	Uniform Methods Project <ul style="list-style-type: none"> Overview of UMP. Purpose: To educate SAG. The NTG appendix on methods refers to UMP as a reference.	Rob Neumann, Navigant
11:15 – 12:15	NTG Methodologies <ul style="list-style-type: none"> ICC directive language. Evaluator update on EM&V harmonization. Purpose: Report-out to SAG; determine whether there is consensus; determine next steps.	Mary Sutter, Opinion Dynamics
12:15 – 12:45	Lunch	
12:45 – 1:15	Subcommittee Update <ul style="list-style-type: none"> CHP Subcommittee status. IIEC “large user” language (circulated with the TRM TAC draft released 1/23); proposed ICC Staff edited language. Issue: Can CHP be treated differently from Ground Source Heat Pumps (GSHP)? Policy Manual Subcommittee status. Purpose: To update SAG on CHP Subcommittee status and Policy Manual Subcommittee status. To reach consensus on IIEC “large user” language.	Annette Beitel
1:15 – 2:00	Update: <ul style="list-style-type: none"> SAG Schedule (2015 Q1/Q2) 	

	<ul style="list-style-type: none"> • SAG Subcommittee Plans <ul style="list-style-type: none"> ○ Policy Manual ○ “Capturing Successes” ○ Process Efficiency ○ DRIPE? <p>Purpose: Discuss; SAG questions and feedback.</p>	
2:00 – 4:00	<p>IPA Final Order Mandates to SAG – TRC Calculation; Discussion of Issues</p> <ul style="list-style-type: none"> • ICC directives and issues (15 minutes) – Annette Beitel • DRIPE presentation on behalf of NRDC (45 minutes) – Paul Chernick • DRIPE presentation on behalf of ComEd (45 minutes) – ScottFisher, NorthBridge Group • SAG Discussion: Questions, Pros/Cons (30 minutes) <p>Purpose: Educate SAG on DRIPE, identify issues with and pros/cons of DRIPE.</p> <p>*NOTE: We will seek to take a break some time during DRIPE discussion.</p>	Annette Beitel; Paul Chernick, Resource Insight, on behalf of NRDC; Scott Fisher, NorthBridge Group, on behalf of ComEd
4:00 – 4:25	<p>IPA Final Order Mandates to SAG – TRC Calculation; Discussion of Issues (Continued)</p> <p><i>Non-Energy Benefits:</i> Overview of Proposal and Issues– Chris Neme, Energy Futures Group</p> <p><i>Marginal Line Losses</i> – Ameren IL to explain use of average vs. marginal line losses (ComEd uses marginal) – Keith Goerss, Ameren IL</p> <p><i>Administrative Costs:</i> How will admin costs be tracked going forward, by program? – Ameren IL and ComEd</p> <ul style="list-style-type: none"> • <i>Additional question:</i> How should administrative costs be determined when there is no data on a previous program? (Chris Neme, Energy Futures Group on behalf of NRDC) <p>Purpose: Brief discussion of issues;</p>	Chris Neme, Energy Futures Group on behalf of NRDC Keith Goerss, Ameren IL

	discuss process/timing of next steps. Should DRIPE and associated issues be moved to a subcommittee?	
4:20 – 4:30	Closing	Annette Beitel

Attendee List

Annette Beitel, EE SAG Facilitator
Celia Johnson, SAG Senior Policy Analyst
Chris Vaughn, Nicor Gas
Rich Hackner, GDS Associates
Roger Baker, ComEd
Paige Knutsen, Franklin Energy
Rob Neumann, Navigant
Cheryl Miller, Ameren IL
Mike Brandt, ComEd
Randy Gunn, Navigant
Keith Goerss, Ameren IL
Marcella Bondie-Keenan, Elevate Energy
Pat Michalkiewicz, Peoples Gas-North Shore Gas
George Malek, ComEd
Mike McMahan, CUB
Jeff Zethmayr, CUB
Jim Jerozal, Nicor Gas
Ted Weaver, First Tracks Consulting, on behalf of Nicor Gas
Ashley Harrington, 360 Energy Group
Keith Martin, Ameren IL
Chris Fisher, NorthBridge Group
Rob Kelter, ELPC
Anne McKibbin, Elevate Energy
Pat Kenneally, NRDC
Anthony Star, IPA
Brian Granahan, IPA
Caty LaMadrid, Inova
Ali Al-Jabir, on behalf of IIEC
Amy Buege, Itron
Tami Buhr, Opinion Dynamics
Hammad Chaudhry, Nicor Gas
Paul Chernick, Resource Insight
Jane Colby
Andrew Cottrell, AEG
Deirdre Coughlin, DCEO
Seth Craigo-Snell, CLEAResult
David Diebel, ADM Energy
Matt Drury, Opinion Dynamics
Jeff Erickson, Navigant
Jennifer Fagan, Itron
Antje Flanders, Opinion Dynamics
Stefano Galiasso, ERC/UIC
Bev Hall, Ameren IL

Arturo Hernandez, ComEd
Travis Hinck, GDS Associates
Jon Jackson, Ameren IL
Cheryl Jenkins, VEIC
John Kern, MC2 Energy Services
Cassandra Kubes, MEEA
Molly Lunn, DCEO
John Moran, Peoples Gas-North Shore Gas
Wade Morehead, CSG
Jennifer Morris, ICC Staff
Phil Mosenthal, Optimal Energy, on behalf of IL AG
Sue Nathan, AEG
Chris Neme, Energy Futures Group, on behalf of NRDC
David Nichols, ComEd
Jeremy Offenstein, ADM Energy
Shraddha Raikar, ERC/UIC
Jennifer Spinosi, Direct Energy
Mary Sutter, Opinion Dynamics
Joan Walker-Ratliff, Phillips 66
Kristol Whatley, Ameren IL
Ken Woolcutt, Ameren IL
Jim Zolnierek, ICC Staff
Richard Zuraski, ICC Staff
Koby Bailey, Peoples Gas-North Shore Gas
David Brightwell, ICC Staff
Charley Budd, Navigant
Jim Fay, ComEd
Laura Kimes, CLEAResult
Karen Lusson, IL AG

Meeting Notes

*Action items and follow-up listed below in **yellow highlight**.*

Uniform Methods Project Presentation (Rob Neumann, Navigant)

- Ted Weaver Follow-Up – Coordinating TRMs
 - ACEEE Papers on Comparing TRMs
 - Jeff Erickson paper on value of TRMs
 - UMP – Value of TRMs
 - Harmonizing TRMs
 - NW RTF

SAG ACT: Add TRM Regional Coordination to May large group SAG meeting.

NTG Methodologies (Mary Sutter, Opinion Dynamics)

- Need to still flesh out algorithms; will develop common survey instruments, but not attach to the TRM.
- Chris Neme: Need to have language in preamble that allows evaluators to depart from protocols with all in agreement.
 - Mary Sutter: Deviations from document language; consensus deviations.

- Jennifer Morris: Does anyone in room object to language that allows evaluators to deviate with SAG approval?
- Chris Neme: Are they binding documents?
 - Binding unless evaluators asks for deviation, and SAG in consensus reasonable approach to try.
- Keith Goerss: Does the attachment language super-cede final orders?
- Four Open issues:
 - Issue #1: Are Protocols binding? (Mary Sutter to provide draft language by COB Thursday)
 - Issue #2: If binding, is Staff giving up its right to approve? (Jennifer Morris to discuss with ODC and follow-up by COB Friday, 1/30)
 - If yes, Ameren IL will agree to give up its right to comment.
 - Issue #3: Can evaluators deviate with consensus of SAG? (Mary Sutter to provide draft language by COB Thursday). Interested parties with comments or questions should call into the Feb. 3rd NTG Methodologies follow-up teleconference (1:30-2:30pm). All comments on draft TRM Version 4.0 due by COB on February 6th.
 - Issue #4: Does document apply equally to IPA, 8-103 and 8-104?
 - Keith Goerss will check IPA law on evaluation and follow-up by Friday, 1/30.
- Upcoming meetings and due dates:
 - Tuesday, Feb. 3rd – NTG Methodologies follow-up call from 1:30 – 2:30 pm.
 - Friday, Feb. 6th – All comments on draft TRM Version 4.0 due to TRM Administrator.
 - Tuesday, Feb. 10th – TRM TAC teleconference to discuss comments.
 - Friday, February 20th – All final comments / edits on draft TRM Version 4.0 due to TRM Administrator.

Subcommittee Update (Annette Beitel, EE SAG Facilitator)

- CHP Subcommittee:
 - Meeting on Tues., February 3rd will be rescheduled for Tues., February 10th (timing TBD). Subcommittee will discuss comments/edits on final draft CHP TRM Workpaper.
 - Issue: CHP NTG values
 - CHP NTG values will be discussed at the follow-up teleconference on Tuesday, February 3rd from 12:30 – 1:30 pm.
 - Nicor Gas is researching CHP NTG values in other jurisdictions. Will send research to Celia by COB Friday (1/30).
 - Randy Gunn will discuss NTG for CHP / timing and send comments to Celia by COB Friday (1/30).
 - Issue: CHP vs. fuel-switching; is CHP a unique settlement?
 - Open issue: How does this affect the GSHP measure in draft TRM Version 4.0?
 - Ted Weaver: We need to address fuel switching generally.
 - **SAG ACT:** Add this to Policy Manual Subcommittee. Ted Weaver and Phil Mosenthal to work on this topic.
 - Issue: Policy document for TRM; where to include CHP policy?
 - Keith Goerss: TRM Policy document should include CHP policy.
- IEEC “large user” language for TRM.

- Ted Weaver: This looks like policy language; TRM policy document already includes similar language (page 13). Why is it needed to TRM text as well?
- Chris Neme: Insert the word “exceptional” in-between the word “In” and “cases” at the beginning of language drafted by Staff.
 - IIEC did not oppose this language.
 - Both versions of language to be reviewed by participants.
- **SAG ACT:** Participants to review “large user” language, including draft provided by IIEC and ICC Staff proposed edits. Comments and edits due by COB on February 6th, with draft TRM Version 4.0 comments.
- **Policy Manual Subcommittee Update**
 - Brief overview of Subcommittee plan. Policy Manual Subcommittee will meet the second Tuesday of each month. Next meeting is on Tuesday, February 10th.
- **IL EE Successes Subcommittee**
 - Brief overview of Subcommittee (draft plan and procedure available to review on SAG Meeting Materials page for 1/27). Jim Jerozal to champion; purpose is to provide an Illinois-specific overview of EE successes by May.
 - **SAG ACT:** Email Celia by COB on Tuesday, February 3rd if you are interested in participating in the new IL EE Successes Subcommittee. Meeting invitations and information will only be circulated to Subcommittee participants.

DRIFE Discussion

1. Is it a transfer payment?
 - Only transfers between customers and utility.
 - Transfer payment is cash flow from one party inside the circle of the group you are concerned about.
 - Cost is cash flowing out of the circle.
 - If legislature says: utility, customer and efficiency installers. Maximize benefit to all of them, argument would be don't care how much you are paying them.
 - Anything you spend money on is going to somebody.
2. How long does effect last?
3. Does model work given outliers that were discarded? (Staff?)
4. Does price effect actually lead to increased rather than decreased costs?

Paul Chernick, Resource Insight, on behalf of NRDC

Question: Why not use DRIFE for nuclear plants and coal plants?

- Response: Could be used in nuclear and coal plant evaluation.
- Keith Goerss: Did not look at avoided distribution costs.
 - Response: No, does not.
 - Follow-Up: Cost of service would not change, but volumes to recover would go down.
 - Keith Goerss: Customers could get increase in distribution costs. Would need to consider this.
 - Chris Neme: Distribution costs don't change. On the other hand, if you draw the umbrella, on the Distribution side nothing changes. If you draw same bubble

around energy costs, total costs paid by Ameren IL costs will go down. If you are defining transfer payment.

- Keith Goerss: When you look at the reduction of load, does not matter whether gross or net load? If I am a steel industry, should I be given a payment because if I go out of a business, other people's prices will go down? (Steel industry not part of "bubble" i.e. not customer or utility).
- Keith Goerss: When we had great recession, lowered everybody's prices. Should we calculate benefits?
 - Yes, but no-one suggests this would not justify another recession.
- Keith Goerss: Are there other price suppression effects from other activities (shutting down steel mills)
 - Chris Neme: You get a price suppression effects regardless of why prices go down. However, for this discussion, we are just considering suppression from EE.
- Jim Zolnierek – Not a benefit. Leading to inefficient solution. Not where cost and supply curves meet.
 - Follow-Up: Staff – DRIPE is not a benefit.
- Jim Zolnierek: A shock to demand or supply causes both prices and quantities to move. Attempts to estimate the relationship between prices and quantities by regressing price on quantity or quantity on price suffers from simultaneity bias. This is a major problem. The regression estimates will be inconsistent (the results will not be statistically valid) and unreliable/meaningless.

Scott Fisher Presentation (NorthBridge Group, on behalf of ComEd)

- Chris Neme: Assumption is that generators will respond quickly. Isn't there a distinction between speed and point of time at which that starts to impact prices?
- Chris Neme: I am a generator – Price down; I will retire my facility. Will that erode price effect as soon as I retire? When does price effect kick in later when we might have needed them?
 - Zolnerick: Where does generator fall on the dispatch curve? If you look at that
- Key point of contention: NorthBridge: Price suppression effects will erode before 12 years.
- Response can overshoot – risk that can go the opposite direction.

Open DRIPE Questions/Issues:

1. **Staff:** Is DRIPE a transfer payment?
2. **Staff:** Is DRIPE a benefit?
3. **Staff:** Are the regression curves statistically significant?
4. **NorthBridge:** How long does the price suppression effect take to erode (if market effect is 3 years instead of 12, down 85%; down to one year, reduced to 5%) – Hard to quantify.
5. If six other states are including DRIPE, which states rejected it? Why?
6. Risk premium on generators – we can year after year suppress market prices below competitive levels, increases the cost of capital?
 - a. Response: how big is risk premium now? How much would this amount of additional risk move required return.
7. Key difference:
 - a. Does this distort competitive markets?
 - b. Does the current system not properly account for all the benefits?
 - i. If externality to society, should be in there.

ii. Argument – this is not an externality.

Other IPA Final Order Issues for Subcommittee

- NEBs: Should they be included across the board? If so, how can they be quantified?
- Line Loss: Keith Goerss to address in Subcommittee. Ameren IL would need to commission a study to determine marginal line losses (Ameren IL currently uses average).
- Administrative costs: To be discussed in Subcommittee.
- IPA vs. 8-103 issue: Whether IPA TRC should be separate from 8-103. To be discussed in Subcommittee.
- Jennifer Morris: The threshold question is “Should the IPA perform its own TRC analysis of the Section 16-111.5B program bids (instead of simply reviewing the TRC analysis files supplied by the utilities)?” This is one of the first issues that needs to be discussed in TRC workshops.
- Other TRC Issues: To be discussed in Subcommittee, if time allows.

SAG ACT: IPA TRC Subcommittee will be created. First meeting will be held on Tuesday, February 17th. Email Celia by COB on Tuesday, February 3rd if you are interested in participating in the new Subcommittee. Meeting invitations and information will only be circulated to Subcommittee participants.