

Illinois Stakeholder Advisory Group Subcommittee Plan: Energy Efficiency Policy Manual Draft (Version 1.0)

Subcommittee	Policy Manual
Champion	Karen Lussion, IL AG
Subcommittee Members: Utilities / DCEO	<ul style="list-style-type: none"> • Ameren IL (Cheryl Miller; Jon Jackson; Keith Goerss; Keith Martin) • ComEd (Roger Baker; Mike Brandt; Todd Thornburg) • DCEO (Deirdre Coughlin; Molly Lunn; Stefano Galiasso, ERC/UIC) • Nicor Gas (Anne Mitchell; Chris Vaughn; Hammad Chaudhry; Jim Jerozal; John Madziarczyk; Malcolm Quick; Ted Weaver, First Tracks Consulting) • Peoples Gas-North Shore Gas (Pat Michalkiewicz; Koby Bailey)
Subcommittee Members: Non-Utility Members	<ul style="list-style-type: none"> • ICC Staff (Jennifer Morris) • CUB (Bryan McDaniel, Kristin Munsch; Mike McMahon) • NRDC (Chris Neme, Energy Futures Group) • IL AG (Karen Lussion; Phil Mosenthal, Optimal Energy) • Navigant (Rob Neumann) • DeReg Law (Blake Baron) • VEIC (Cheryl Jenkins) • MEEA (Ian Adams; Rose Jordan) • CLEAResult (Laura Kimes)
Final Deliverable(s)	<p>The Subcommittee will create the following documents:</p> <ol style="list-style-type: none"> 1. Procedure and Guiding Principles 2. List of Q&A 3. Issue Tracking Sheet 4. Policy Manual Ver. 1.0 5. Comparison Exhibit of Non-Consensus Items
Commencement Date	July 2014
Conclusion Date	May 2015 (Ver. 1.0)

I. Subcommittee Objectives

The key objectives of the subcommittee will be to produce Version 1.0 of the Illinois Energy Efficiency Policy Manual. The Manual will seek to cover at least the following topics:

- Overview and Guiding Principles
 - Including Background, Purpose and Effective Date
- Definitions [Add Ted's Definitions]
 - Energy Efficiency Measure
 - Report-based savings programs (could be audits)
 - Behavior programs
 - Price-based behavior programs

- CHP
 - Fuel-switching
 - Codes and Standards
- Breakthrough Equipment and Devices (definition)
- Cost-Effectiveness Requirement
- Cost-Effectiveness Calculation/Adders¹
 - DRIPE
 - Non-Energy Benefits
 - Marginal vs. Average line losses
- Program Fund-Shifting
- Program Flexibility Guidelines
- Uniform Methods Protocol and Evaluation Consistency
- NTG Framework and Timeline
- TRM Update Timeline
- Fuel Switching
- Free-Ridership and Spill-Over
- EE SAG Roles and Responsibilities
- Other topics for consideration
 - Portfolio-level Goals and Performance Criteria
 - Portfolio Budget Allocation
 - Cost Definitions
 - Gross vs. Net Savings

II. Description of Issues

The purpose of the EE Policy Manual Subcommittee is to create an Illinois Energy Efficiency Policy Manual that would be effective June 1, 2017. Key goals of the Policy Manual include, but are not limited to, the following:

- Clarity – To provide clear “Rules of the Road” for Program Administrators, while minimizing ex poste risk. The Manual is not intended to create disallowance risk for activities that occur prior to adoption.
- Consistency – To provide consistent application of rules and policies, including Commission directives, while recognizing differences between utilities and DCEO.
- Oversight – To provide a framework for adequate oversight to ensure efficient use of ratepayer dollars.
- Support – To provide support for cost-effective energy efficiency.

III. Background information

The Final Orders approving 2014-2017 energy efficiency portfolio plans for Ameren IL, ComEd, DCEO, Nicor Gas, and Peoples Gas-North Shore Gas include specific directives from the Illinois Commerce Commission (ICC) for SAG and Program Administrators to work together to complete an Illinois Energy Efficiency Policy Manual, as excerpted below. However, Subcommittee participants

¹ Discussions on Cost-Effectiveness Calculations/Adders will occur within a separate Subcommittee relating to ICC mandates from the IPA Final Order (provide citation).

have different understandings of the scope of the Policy Manual. One position is the Policy Manual is open to any policy topic. The conflicting position is the Policy Manual must be limited to evaluation issues. There is non-consensus on interpretation of Commission Analysis and Conclusions language.

ICC Directives:

- **Ameren IL (ICC Docket No. 13-0498, Final Order p129):** The Commission believes that the AG's clarified proposal is specific, addresses an inconsistency between utilities in Illinois that may warrant attention, and is reasonable. As a result, to the extent possible, the Commission directs the SAG to complete an Illinois Energy Efficiency Policy Manual to ensure that programs across the state and as delivered by various program administrators can be meaningfully and consistently evaluated.
- **ComEd (ICC Docket No. 13-0495, Final Order p130):** It appears to the Commission that Staff's initial objections to the development of an Energy Efficiency Policy Manual were due to the lack of specificity in the AG's proposal. This appears to have been a valid concern. The Commission believes that the AG's clarified proposal is specific, addresses an inconsistency between utilities in Illinois that may warrant attention, and is reasonable. As a result, to the extent possible, the Commission directs the SAG to complete an Illinois Energy Efficiency Policy Manual to ensure that programs across the state and as delivered by various program administrators can be meaningfully and consistently evaluated.
- **DCEO (ICC Docket No. 13-0499, Final Order p23):** Consistent with the advisory role of SAG, the Commission recognizes the difficulties that utilities and DCEO may face in the evaluation process. A consistent set of guidelines in terms of monitoring savings achieved and evaluating programs would be useful and, indeed, the AG says that the primary goal of its proposed policy manual would be to ensure consistency in terms of monitoring savings achieved and evaluating programs. This is particularly evident with the current situation where the utilities and DCEO Program Administrators and their individually selected evaluators play by different evaluation rules. Thus, to the extent possible, the Commission directs the SAG to complete an Illinois Energy Efficiency Policy Manual to ensure that programs across the state and as delivered by various program administrators can be meaningfully and consistently evaluated.
- **Nicor Gas (ICC Docket No. 13-0549, Final Order p57-58):** The Company is directed to work with its evaluators, Staff, the other Illinois utilities, DCEO, and the SAG to complete an Illinois Energy Efficiency Policy Manual to ensure that programs across the state and as delivered by various program administrators can be meaningfully and consistently evaluated. Consistent with our findings in Docket Nos. 13-0495, 13-0498, and 13-0499, the Commission directs the Utilities to work with their evaluators, Staff, the other Illinois utilities, DCEO, and the SAG to complete an Illinois Energy Efficiency Policy Manual to ensure that programs across the state and as delivered by various program administrators can be meaningfully and consistently evaluated.
- **Peoples Gas-North Shore Gas (ICC Docket No. 13-0550, Final Order p56):** Consistent with our findings in Docket Nos. 13-0495, 13-0498, and 13-0499, the Commission directs the Utilities to work with their evaluators, Staff, the other Illinois utilities, DCEO, and the SAG to complete an Illinois Energy Efficiency Policy Manual to ensure that programs across the state and as delivered by various program administrators can be meaningfully and consistently evaluated.

IV. Schedule

Date	Agenda	Next Steps
<p>1/13 1:30 – 4:30 pm</p>	<ul style="list-style-type: none"> • NTG Framework; harmonizing timelines – ICC directives and draft language (Keith Goerss) • Free Ridership and Spillover – ICC directives (Rob Neumann) • Program Flexibility/Fund Shift Rules – ICC directives and draft language (Karen Lusson) 	<ul style="list-style-type: none"> • Additional Policy Manual topics and draft language to be discussed at February meeting.
<p>2/10 12:30 – 4:30 pm</p>	<ul style="list-style-type: none"> • Free-Ridership and Spillover – draft language (Rob Neumann) • Cost-Effectiveness Requirement (Karen Lusson) • Uniform Methods Protocol and Evaluation Consistency (Rob Neumann) • Overview and Guiding Principles – Background, Purpose and Effective Date (Karen Lusson) 	<ul style="list-style-type: none"> • March meeting will include follow-up on non-consensus topics.
<p>3/10 10:30 am – 4:30 pm</p>	<p>Policy Manual Definitions (Various)</p> <p>Definition of Breakthrough Equipment and Devices (Jennifer Morris)</p> <p>Fuel Switching (Phil Mosenthal and Ted Weaver)</p> <p>EE SAG Roles and Responsibilities (Celia)</p> <p>Follow-up: Open topics/issues and non-consensus items from 1/13 Meeting and 2/10 Meeting</p> <p>IPA Mandate Issues – Update (DRIPE, NEBs, etc.)</p> <ul style="list-style-type: none"> • Review progress of subcommittee • Can language be included in ver. 1.0? <p>Time-permitting</p> <ul style="list-style-type: none"> • Portfolio-level Goals and Performance Criteria • Portfolio Budget Allocation • Cost Definitions 	

<p>4/14 1:00 – 4:30pm</p>	<ul style="list-style-type: none"> • Draft of the Manual covering at least the minimum topics • Draft Comparison Exhibit of Non-Consensus items 	<ul style="list-style-type: none"> • Seek resolution of outstanding issues • Decide how to proceed with Non-Consensus items • Continue working on them post-May 1? • File with the ICC and let them decide?
<p>5/12 1:00 – 4:30pm</p>	<ul style="list-style-type: none"> • Final draft of the Manual covering at least the minimum topics • Final draft Comparison Exhibit of Non-Consensus items 	<ul style="list-style-type: none"> • File with ICC

V. **Attachments**

- Attachment A: Subcommittee members and contact information (email)
- Attachment B: TRM Policy Manual