

# Illinois Department of Commerce & Economic Opportunity Threshold Issues

October 20, 2015



# Today's Topics

Amount of Funding

Independent Evaluation Contract

Independent Proceedings

Market Data: Load of Customers Served & Low Income Households (*no proposal, data only*)

Areas Covered

Realistic Goals



# Amount of Funding

**Strawman Proposal:** The Department's portion of the budget will continue to be 25% of a utility's 8-103/8-104 funding.



*8-103 and 8-104 effectively assign 25% of the available funding to the Department. 8-104 explicitly states, "The remaining 25% of available funding shall be used by the Department." 8-103 states, "The remaining 25% of...measures...shall be implemented by the Department."*

*In the Department's most recent Final Order, the Commission found, "The Illinois Department of Commerce...is statutorily obligated, pursuant to 220 ILCS 5/8-103(e) and 220 ILCS 5/8-104(e) to utilize 25% of a utility's electric and natural gas funding for energy efficiency [emphasis added]."*

# Independent Proceedings

**Strawman Proposal:** The Department will continue to have its own EE plan and proceeding before the Commission.



*Statute allows flexibility in this regard: “The details of the measures implemented by the Department shall be submitted by the Department to the Commission in connection with the utility’s filing.”*

*As was addressed in the Plan 3 docket, the Department operates independent, integrated gas and electric plans statewide and should not be required to develop portions of 4 different plans, or file in 4 dockets with 4 different ALJs for plan approval and compliance.*

- *It is inefficient and burdensome for the State and stakeholders.*
- *It can lead to inconsistent treatment.*



# Independent Evaluation Contract

**Strawman Proposal:** The Department will continue to have an independent evaluation contract.



*As was addressed in the Plan 2 dockets, the Department operates independent, integrated gas and electric plans statewide, which should not be evaluated by more than one contractor.*

- *It is inefficient and burdensome for the State and stakeholders.*
- *It would very likely lead to inconsistent treatment.*

*Further, the State has strict procurement regulations and complicated accounting systems. It is much more straightforward for the State to contract its own evaluator, than attempt to partner with a utility or multiple utilities.*

# Market Data: Load of Customers Served



*Utilities do not uniformly track consumption data for public or low income sectors. For Plan 3 Potential Study, data was only available from certain utilities and sometimes only for certain sectors or subsectors. This data was used to extrapolate numbers for territories or sectors where data was not available.*

*Based on Plan 3 Potential Study and Plans, Department estimates:*

- *Public = ~10% of total electric load , ~8% of total gas load*
- *Low income = ~6% of total electric load, ~11% of total gas load*

*Percentages vary by utility.*

*All data will be updated for Plan 4.*

# Market Data: Low Income Households

*Statewide, 1.02M or ~21%\* of Illinoisans are at or below 150% of federal poverty level (up from 19.6% for Plan 2)*

*Utility territory customers at or below 150% of federal poverty: 900K electric, 610K gas; percentages vary by territory*

*Based on share of revenue paid, Department's Plan 3 budget dedicated varying percentages to low income programs by utility territory*

*\*According to U.S. Census 2011 data; again all data will be updated for Plan 4*

*\*\*Only includes low income customers paying for utility service directly*

Utility	% of Total Households**
ComEd	19.5%
Ameren Electric	22.5%
Nicor	14.1%
Peoples	26.4%
North Shore	14.5%
Ameren Gas	21.4%

Utility	LI Share of Department Budget
ComEd	26%
Ameren Electric	26%
Nicor	18%
Peoples	37%
North Shore	18%
Ameren Gas	37%

# Areas Covered

**Strawman Proposal:** The Department will continue to cover the public and low income sectors and offer cross-sector market transformation programs. Utilities are encouraged to offer moderate income programs, if they so choose. If deemed essential, Utilities may also offer low income programs, in coordination with the Department.



*Why? Statutory requirements, successful programs and existing relationships with these sectors, ability to leverage other State programs and Agency partnerships, ability to offer statewide programs*

- *Public Sector: Both statues require a minimum of 10% of the entire portfolio be procured from units of local governments, municipal corporations, school districts and community colleges; and directs the Department to coordinate the implementation of these measures. Because the Department receives 25% of funding, to meet overall 10% target, 40% of the total Department budget must go to these groups. Department adds additional funds to serve entire public sector (e.g., public universities, State and federal facilities).*
- *Market Transformation: Statute allows flexibility in this regard, but Department has traditionally offered market transformation programs, because of our ability to offer statewide, integrated programs, as well as the alignment with our Department's core mission of supporting workforce development.*





# Areas Covered Cont.

## Low Income

*Both statutes require the utilities to, “Coordinate with the Department to present...measures proportionate to the share of total annual utility revenues in Illinois from households with incomes at or below 150% of the poverty level.”*

*Programs must be targeted at households with incomes at or below 80% AMI.*

*For last 3 Plans, Department has been chosen to offer the LI programs, because:*

- *More than 25 years of successfully developing and managing LI EE programs*
- *Leverage existing programs and partners that have proven track record and are well-known in the low income community, and can design programs that complement not duplicate efforts*
- *Able to offer statewide, integrated gas/electric programs, which leads to more efficient use of ratepayer dollars, and provides consistency and clarity for customers*

*For Plan 4, Department is exploring possible new LI programs and adjustments to existing ones, to maximize cost effectiveness and reach any persistently underserved populations. We welcome suggestions.*

*Ultimately, we believe the best subsector for Utilities to expand into would be moderate income, but if Utility low income programs are deemed essential, we would suggest 1) investing in existing programs/implementers and 2) close coordination to avoid duplication and confusion for customers.*

# Realistic Goals

**Strawman Proposal:** Based on thorough analysis and within applicable budget constraints, the Department will propose energy savings targets that are aggressive but achievable for our sectors, and make a meaningful contribution toward utility goals.



*8-104 requires the Department contribute 20% of the overall gas savings reduction goal. 8-103 includes no specific electricity savings target for the Department.*

*The Department offers programs in particularly challenging areas: public and low income sectors and market transformation.*

- *As noted, low income and public sector customers do not represent a standard proportion of load.*
- *More importantly, these customers are economically challenged and require high levels of incentives.*
- *Further, it is difficult to measure and prove savings for market transformation programs.*

# Thank You!

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