

# Illinois Department of Commerce Updates to IL EE SAG – June 2016 Meeting

June 28<sup>th</sup>, 2016



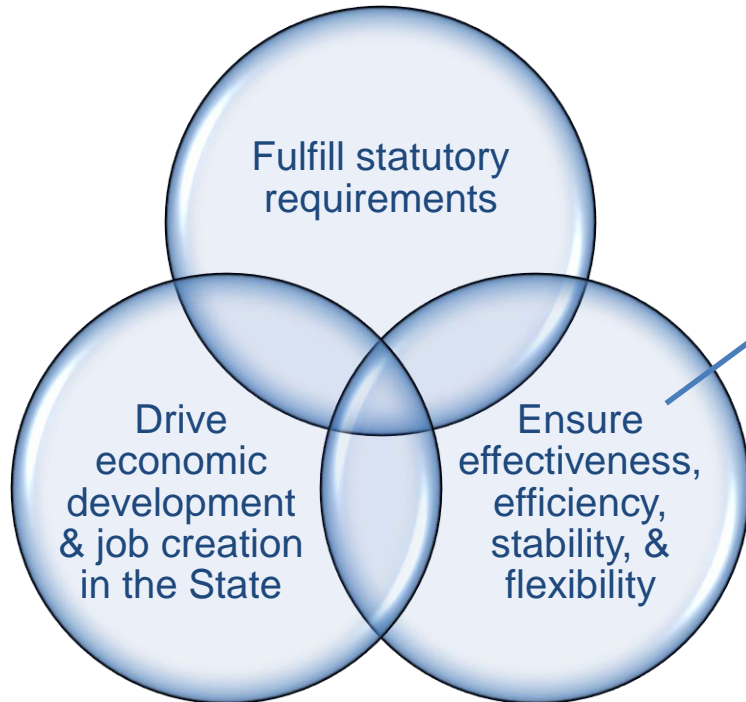
# Today's Topics

## Plan 4 Preliminary Portfolio Update Presentation

- Objectives
- Summary of Updates
- Public Sector
- Low Income
- Market Transformation
- Non-Program Costs
- Next Steps



# Illinois Department of Commerce & Economic Opportunity Portfolio Planning Objectives



- *Build on past experiences and program designs that work, while*
- *Considering best practices from other Program Administrators and states, in order to:*
  - *Increase savings and cost effectiveness of portfolio*
  - *Provide more stability to customers, trade allies, and implementers*
  - *Allow flexibility to be responsive to market developments*

# Update Highlights



All number are preliminary draft and likely to change

Budget: \$226 million over 3 years (71% electric, 29% gas)

Savings: **521 MWh** (from 441 MWh) and **26 million therms** (from 22 million therms) of first-year energy savings

Cost-Effectiveness: Public Sector and Low Income both over without NEBs

- Savings & cost-effectiveness calculated for Northern & Southern regions of State
- With and without 10% NEBs adder
- Using ComEd and Ameren discount rates

# Public Sector



# Public Sector



Proportion of budget about the same as last plan – 54% – but varies by utility, depending upon Low Income share (particularly Peoples)

Realignment of programs:

- Moving Assessments from Market Transformation to Public Sector
- Incorporating WWT & Boiler programs under Standard & Custom
- Continuing CHP as separate offering

Most programs similarly sized, with a few exceptions

Savings are somewhat higher on electric side (largely due to increased deployment of LEDs), dramatically higher on gas

Cost effectiveness – **2.37, 2.60 with NEBs**

# Public Sector (cont.)



**Assessments:** continue to shift from deep IGAs to higher level assessments

**Direct/Self Install:** continue to focus on market segments that have been underserved (i.e., state facilities), **shift to hybrid model of some measure direct install and others continue to be self install**

**Standard & Custom:** one comprehensive application, greater deployment of LEDs

**CHP:** savings/TRC analyzed

**New measures incorporated, including: laminar flow restrictors and advanced power strips**

# Low Income





# Low Income



Increased budget over last plan – 33% of Department’s budget vs. 24% in Plan 3

Continue to deploy funding through 3 core programs: Residential Retrofit, Public & Federally-Subsidized Housing, and Affordable Housing New Construction

- Budget increase namely through Residential Retrofit (most cost effective program)

Complement with more marketing (under Marketing budget) & education (under Market Transformation budget)

**Savings are significantly higher than April and Plan 3**

**Cost effectiveness – 1.11, 1.26 with NEBs**

# Low Income (cont.)



**Residential Retrofit:** provide better guidelines and training to ensure consistency, focus on most cost-effective implementers

**Public Housing:** target PHAs not already served by program and other underserved federally-subsidized subsegments, work more closely with contractors, **adjust evaluation methodology, require better balance of low-cost and higher-cost measures(?)**

**AHNC:** work with IHDA to streamline application process (including simplify income verification), shift to performance-based approach, improve project documentation, institute expiration date

# Low Income (cont.)

Administrator	Budget (\$M)				Customer			Program Type		
	Year 1	Year 2	Year 3	Plan Total	Income Range	SF	MF	Rebates	Assessments	Outreach & Education
Dept.	23.38	23.38	23.38	70.14	"Low"	X	X	X	X	X
ComEd	<b>2.42</b>	<b>2.42</b>	<b>2.42</b>	<b>7.26</b>	"Low and Moderate"	<b>X</b>	<b>X</b>	<b>X</b>		
Ameren E	9	9	9	27	"Income Qualified"					
Ameren G	3	3	3	9	"Income Qualified"					
Nicor	2.78	2.78	2.78	8.34	"Moderate"	X	X	X	X	X
Northshore	0	0	0	0				N/A		
Peoples	3.35	3.35	3.35	10.05	"Low-Moderate"	X	X	X	X	X
Utility Subtotal	<b>20.55</b>	<b>20.55</b>	<b>20.55</b>	<b>61.65</b>						
<b>TOTAL EEPS</b>	<b>43.93</b>	<b>43.93</b>	<b>43.93</b>	<b>131.79</b>						

14.6% of total EEPS budget  
vs. 6% in Plan 3



# Proposed Low Income Definitions

**Goal:** Ensure there is a common understanding across Program Administrators re what customers are being served

Proposed Definitions	EEPS Law	HUD Definitions	Poverty Level	AMI
Low Income	Low (budget set, customers served, programs do not have to be cost effective)	Very Low Income	150% and below	Up to 50AMI
Low Income	Low (customers served, programs do not have to be cost effective)	Low Income	151-250%	51-80AMI
Moderate Income		Moderate Income	251-300%	81-95AMI

# Market Transformation



# Market Transformation



Not dramatically shifting portfolio, but begin trend toward more systematic approach

Proportion of budget lower than last plan – 6.5% – but some programs shifted out of MT, also varies by utility (particularly Peoples and ComEd)

Realignment of programs, but generally budgets are proportionately decreased from Plan 3

Based on recommendations from LBNL and stakeholders, Department will not claim savings for MT programs in Plan 4, but will incorporate non-energy metrics

# Market Transformation (cont.)



## Realignment of programs:

- Move Assessments from Market Transformation to Public Sector
- Move Trade Ally to Marketing
- Discontinue Lights for Learning under MT
- Bucket remaining programs:
  - Training & Education (Supply), e.g., BITE, Codes, BOC
  - Data & Information (Demand), e.g., IHP, Benchmarking Policy & Implementation Support, Design Assistance
  - Products: Emerging Technologies focus on Public Sector & Low Income; Sub-Committee?

# Non-Program Costs

## Non-Program Costs: 8%

- EM&V = 2.5%
- Marketing = 1%
  - ✓ Trade Allies
  - ✓ Website
  - ✓ Call Center
- Portfolio Administrative = 4.5%
  - ✓ Staff
  - ✓ IT & Legal Support
  - ✓ Site Visits & Other Travel
  - ✓ 3 Year Planning & Potential Study





# Next Steps



Feedback and negotiation with stakeholders (July)

Additional data files and draft program templates to stakeholders (July)

Incorporate updates from utilities re budget and avoided costs (July)

Incorporate negotiated positions in filing (August)

Stipulated filing (September 1)

# Thank You!

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**Illinois**  
**Department of Commerce**  
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