

Policy Manual Updates – Items for Discussion

SAG Policy Manual Subcommittee Meeting
February 28, 2017

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Agenda

- Review of Previously Discussed Evaluation Timeline Changes
- Review of Previously Discussed IL-TRM Update Process Timeline Changes
- Review of Previously Discussed Net-to-Gross Policy Timeline Changes
- Adjustable Savings Goals Policy and Applicability to Electric Utilities (changes to template)
- Evaluation Work Plan Timeline Changes
- Breakthrough Equipment and Devices
- Summary List of Changes to the IL-TRM Policy Document and the IL EE Policy Manual – Questions?
- Timeline and Process for Submission of Updated Policies to the ICC
- Next Steps – Any follow-up discussions needed?

Review of Previously Discussed 10.2 Evaluation Timeline Changes

Previously Approved Dates	Section 10.2 Draft EM&V Reports	Proposed Dates	Comparison: Same Timeframe as Previously Approved Dates
September 1	Program Administrators shall provide necessary Program material and final Program tracking data for use in the evaluation to the Evaluators. (Best efforts)	January 30	April 1
January 15	Draft EM&V Reports Due (Best efforts)	March 15	August 15
March 31	Final EM&V Reports Due (Best efforts)	April 30	October 31

- The Proposed January 30th and April 30th dates correspond to statutory timeframes outlined for electric utilities in 220 ILCS 5/8-103B(g)(9).
- **With changes to electric requirements for EM&V reports, are gas utilities and their evaluators willing to follow the same timeline? Yes (2/21 SAG meeting) – confirm this is still the case.**
- **“Best Efforts” has been added to Policy Manual language based upon 2/21/17 SAG meeting discussion.**

Review of Previously Discussed 7.1 IL-TRM Update Process Timeline Changes

Previously Approved Dates	Section 7.1 Technical Reference Manual	Proposed Dates
July 1	IL-TRM Technical Advisory Committee (TAC) informs independent Evaluators and SAG which Measures are high or medium priority Measures, for which work papers need to be prepared.	April 1
August 1	Proposed updates to existing Measure work papers to clarify terms or approaches to be submitted to the IL-TRM Administrator.	May 15
October 1	Proposed work papers for new Measures to be submitted to the IL-TRM Administrator.	May 15
March 1	Submission of final IL-TRM values.	October 1

- **Confirm there is still agreement with these dates discussed at the 2/21/17 SAG meeting.**

Review of Previously Discussed 7.2 Net-to-Gross Policy Timeline Changes

Previously Approved Dates	Section 7.2 Net-to-Gross Policy	Proposed Dates
February 1	Evaluators' initial recommended deemed NTG Ratios for the upcoming Program Year and associated rationale shall be submitted to Program Administrators, Commission Staff and the SAG.	September 1
Early February	Evaluators will present their initial recommended deemed NTG Ratios for each Energy Efficiency Program, Sub-Program, and/or Measure group (where applicable) to SAG.	Early September
March 1	Evaluators shall report final deemed NTG values	October 1

- **Confirm there is still agreement with these dates discussed at the 2/21/17 SAG meeting as well as agreement with the exception language below.**
- **Included exception language to allow for the deemed NTG values finalized by ~~March 1~~ **May 30, 2017** to be applied for the plan year beginning January 1, 2018?**

Policy Manual Language:

Adoption of the NTG Policy will become effective for the first Program Year in the Energy Efficiency Plan whose implementation commences January 1, 2018 and annually thereafter. The NTG Policy described herein applies to Section 8-103B and 8-104 Programs. **Exception: For the first Program Year whose implementation commences January 1, 2018, the Evaluators' final deemed NTG Ratio values shall be provided by May 30, 2017.**

6.2 Adjustable Savings Goals Policy and Applicability to Electric Utilities (changes to [template](#))

- **Given new cumulative persisting savings goals in electric statute, is the adjustable savings goals policy even relevant for electric utilities anymore? No. See draft language on next slide that limits section to gas utilities.**
- Chris Neme Feedback 2/23/17 concerning applicability of adjustable savings goal policy to electric utilities under Section 8-103B:
- I do not think that a modified goal that is adopted for a new four-year plan (e.g. if a utility says it cannot meet the statutory goal within the EE spending cap) should be adjustable during the plan period based on changes to the TRM or NTG assumptions. I'm inclined to think that **that level of insulation from risk for the utilities is no longer appropriate in a world in which they have the ability to make money on efficiency.** Furthermore, I fear **it would send completely the wrong signal to say that you get risk insulation if you ask for a lower goal when you don't get it if you are more aggressive and live with the statutory savings targets.** Put simply, while I can accept locking in TRM and NTG assumptions for the upcoming year, I think they should be revised each year as appropriate and the utilities need to be prepared to adapt and adjust their strategies mid-plan as needed to address any changes in assumptions. In other words, there should be no goal adjustments mid-plan at all, regardless of whether the goals are the statutory goals or adjustments to the statutory goals.

6.2 Adjustable Savings Goals Policy and Applicability to Electric Utilities (changes to [template](#))

- Should the adjustable savings goal policy be restricted to the gas utilities who have modified savings goals? **Yes, see draft language below that limits section to gas utilities.**
- If exception language is provided to allow for the deemed NTG values finalized by ~~March~~ **May 30**, 2017 to be applied for the plan year beginning January 1, 2018 (as discussed on earlier slide), then should the NTG energy savings goal adjustments be limited to the Plans filed in 2021 and beyond? See draft language below:

Section 6.2 Adjustable Savings Goals

Gas utility ~~Program Administrator~~ annual energy savings goals will be adjusted to align them with changes to IL-TRM values.

In addition, **for Plans filed in 2021 and beyond, gas utility** ~~Program Administrator~~ annual energy savings goals will be adjusted to align them with the Evaluator's recommended Net-to-Gross values for the entire Plan period prior to the start of the first Plan Year of an approved Plan.

Within sixty (60) days after Commission approval of the annual IL-TRM values, each **gas utility** ~~Program Administrator~~ will file adjusted energy savings goals reflecting updated IL-TRM values applicable to the Program Year commencing January 1.

10.1 Evaluation Work Plan Timeline Changes

Previously Approved Dates	Section 10.1 EM&V Work Plans	Proposed Dates	Comparison: Same Timeframe as Previously Approved Dates
June 1	Draft EM&V Work Plans – Multi-Year Plan	January 1	January 1
July 15	Final EM&V Work Plans – Current Plan Year (e.g., By 2/15/19, the EM&V Plan for the 2019 Plan Year would be Final)	February 15	February 15

- Any objections to the proposed deadlines for Evaluation Work Plans?
- Note full IL-TRM, NTG, and EM&V timeline can be viewed in the Appendix to this slide deck.

Breakthrough Equipment and Devices

- The new legislation excludes references to “**demonstration of breakthrough equipment and devices**” from the electric EE statute and instead includes a limitation on spending on “**research, development, or pilot deployment of new equipment or measures.**” What is the difference between spending money on “demonstration of breakthrough equipment and devices” versus spending money on “research, development, or pilot deployment of new equipment or measures.”?
- What changes should be made to the manual, if any, to accommodate the new language in the electric statute concerning “**research, development, or pilot deployment of new equipment or measures**”?
 - Breakthrough Equipment and Devices appears in the following Policy Manual Sections: Section 1: Glossary, Section 3.7: SAG Review, Section 4.2: Budget Allocation, Section 5.2: Portfolio Cost Categories, Section 6.5 Program Administrator Quarterly Reports.

220 ILCS 5/8-104(g): No more than 3% of expenditures on energy efficiency measures may be allocated for **demonstration of breakthrough equipment and devices.**

220 ILCS 5/8-103B(h): No more than 6% of energy efficiency and demand-response program revenue may be allocated for **research, development, or pilot deployment of new equipment or measures.**

Section 1:
Glossary **Breakthrough Equipment and Devices** means energy-efficient technologies, Measures, projects, Programs, and/or services that the Program Administrator determines are generally **nascent** in Illinois or nationally, for which energy savings have not been validated through robust evaluation, measurement and verification (EM&V) efforts, in the Program Administrator service territory, or for which there is substantial uncertainty about their Cost-Effectiveness, performance, and/or Customer acceptance. **Demonstration of Breakthrough Equipment and Devices** is intended to **support research and development activities.**

Section 5.2:
Portfolio Cost
Categories **Demonstration of Breakthrough Equipment and Devices Cost.** Any costs incurred in the administration and implementation of Programs demonstrating Breakthrough Equipment and Devices, including no more than three percent (3%) of approved Plan budgets. All costs associated with Demonstration of Breakthrough Equipment and Devices shall be included in that cost category, excluding the independent evaluation. Breakthrough Equipment and Devices may vary from year to year and are subject to the definition set forth in Section 1. Examples of Demonstration of Breakthrough Equipment and Devices include, but are not limited to assessing: Savings; Customer acceptance; Performance; Market readiness; and Climate zone characteristics.

Summary List of Changes to the IL-TRM Policy Document and the IL EE Policy Manual – Questions?

- Review separate document ‘Policy Manual and IL TRM Policy Document Summary of Changes’ available at: http://www.ilsag.info/mm_2017_02_21.html

Timeline and Process for Submission of Updated Policies to the ICC

- 2/21/2017 – SAG meeting introduction
- 2/28/2017 Policy Manual Subcommittee meeting
- 2/21/2017 – 3/21/2017 – **SAG review**
 - Follow up discussion on open items to be scheduled, if needed
 - Discussion in 3/14/2017 meeting, if needed
 - **SAG Comments due 3/21/2017**
 - Follow up discussion to review comments to be scheduled before 4/10, if needed
- 4/10/2017 – Revised copies distributed
 - **Final Comments due 4/21/2017**
- 4/25/2017 – Discussion in SAG meeting
- 5/5/2017 – Final copies distributed to SAG
 - Objections due 5/12/2017
- 6/1/2017 (or 6/30/2017) – Submit to the ICC for approval

Timeline and Process for Submission of Updated Policies to the ICC

Two Options for Submission to the ICC:

- June 1, 2017 – ICC Staff (or other party) could submit consensus updated IL-TRM Policy Document and IL EE Policy Manual to the ICC for approval – *single docketed proceeding*.
- An ICC Order would be sought after June 1, 2017 to allow the legislation to take effect.
- June 30, 2017 – Utilities could submit updated policies with their plan filings – *multiple docketed proceedings*.

Next Steps – Any follow-up discussions needed?

- Schedule teleconference to address any follow-up items
- Update the Adjustable Savings Goals [Template](#) (and [Guidelines](#))

Appendix – Detailed Timelines

Overall Timeline Changes

Topic	Previously Approved Dates	Milestone	Proposed Dates (Sorted)	Comparison: Same Timeframe as Previously Approved Dates
EM&V	June 1	Draft EM&V Work Plans – Multi-Year Plan	January 1	January 1
EM&V	September 1	Program Administrators shall provide necessary Program material and final Program tracking data for use in the evaluation to the Evaluators. (Best efforts)	January 30	April 1
EM&V	July 15	Final EM&V Work Plans – Current Plan Year (e.g., By 2/15/19, the EM&V Plan for the 2019 Plan Year would be Final)	February 15	February 15
EM&V	January 15	Draft EM&V Reports Due (Best efforts)	March 15	August 15
IL-TRM	July 1	IL-TRM Technical Advisory Committee (TAC) informs independent Evaluators and SAG which Measures are high or medium priority Measures, for which work papers need to be prepared.	April 1	February 1
EM&V	March 31	Final EM&V Reports Due (Best efforts)	April 30	October 31
IL-TRM	August 1	Proposed updates to existing Measure work papers to clarify terms or approaches to be submitted to the IL-TRM Administrator.	May 15	March 1
IL-TRM	October 1	Proposed work papers for new Measures to be submitted to the IL-TRM Administrator.	May 15	May 1
NTG	February 1	Evaluators' initial recommended deemed NTG Ratios for the upcoming Program Year and associated rationale shall be submitted to Program Administrators, Commission Staff and the SAG.	September 1	September 1
NTG	March 1	Evaluators shall report final deemed NTG values	October 1	October 1
IL-TRM	March 1	Submission of final IL-TRM values	October 1	October 1 ¹⁵

Revised Timeline – EM&V, NTG, and IL-TRM

