

## SAG Planning Process for Q1/Q2 2017 Updated January 17, 2016

### 1. SAG Focus (Q1 and Q2)

- a. Focus should be planning process and addressing any issues that are impacted by legislation (i.e. Policy Manual changes), with the following priorities:
  - i. Bridge period
  - ii. Portfolio Planning (new Plan 4 – Electric; New Plan 3 – Gas)
  - iii. Operational administrative components for new Plans

### 2. “Bridge” Period Issues (June 1, 2017 through December 31, 2017)

- a. What NTG and TRM values should apply?
  - i. Proposal: current NTG and TRM values. NTG discussion in spring, and current version of TRM to be filed in March will apply only starting January 1, 2018.
  - ii. **ACT**: E-mail to full SAG list to confirm all OK with January 1, 2018 start date. If dissenting views, schedule call.
- b. Bridge Period Plans (e.g. funding/savings by program for bridge period)
  - i. Initial presentation of plan to stakeholders in January, with time for stakeholder comments
  - ii. Updated Plan in March
  - iii. Utilities do compliance filing soon thereafter
    - **ACT**: Resolve legal question of how to address compliance filing given that law not effective until June 1, 2017. Can Commission approve compliance filing prior to June 1, 2017 such that the filing is only effective June 1, 2017?
    - Necessity of compliance filing to be determined – will revisit 1/24/2017
- c. Transition Plan for DCEO work
  - i. DCEO will continue running programs through December 31, 2017 per 8-103(B)(I)(1) and as per filed Commission-approved utility plans, which incorporate DCEO programs by reference
    - Open issue for Ameren IL
  - ii. Utilities will work with DCEO to develop transition plan for projects that start under DCEO but don't end until after January 1, 2017
    - Should some projects with long lead times be discontinued because they are too difficult to transition?
      - a. Affordable Housing New Construction should be OK to continue.
      - b. Programs that could possibly be too difficult to transition and thus discontinued: wastewater treatment, Public Housing New Construction, CHP.
  - iii. Can unspent DCEO funds roll over into 7 month bridge period?
  - iv. Is DCEO still expected to do compliance filings for Electric Plan 3/Gas Plan 2?
    - Assuming the answer is yes, can parties agree to an expedited proceeding for all three years, so that DCEO still has staff and the evaluator available to assist with these?
  - v. All program administrators have some amount of work that occurs after the end of a plan year. Typically, DCEO pays for this (i.e., staff salaries, ADM, database hosting) using the next program year's funding, but obviously that will not be

possible post-12/31/17. Is it allowable/can parties agree that the Department can set aside a small portion of its bridge budget aside to cover post-12/31/17 costs?

- vi. Customer Communication Plan re: Transition: Need to develop positive and informative plan on how to handle public sector/low income customers that will likely hear about the utilities plans. DCEO has had some customers mention that they've reached out to some of the utilities, and their call centers have said things like, "we don't know - we're still reviewing the legislation." Can utilities agree to take contact information so that projects/customers can receive follow-up?
- vii. Self-directed gas customer support (aggregation) through 1/1/2020

### 3. Electric Plan 4/Gas Plan 3 Filing Issues:

- a. Proposed Schedule/Topics – See table below.
- b. Policy Manual
  - i. Updates based on EE legislation only (ver. 1.0a)
  - ii. Sequence will be
    - Initial discussion of provisions that require changes
    - Review/discuss marked-up version
    - Review/discuss final version
- c. NTG Updates
  - i. Follow Policy Manual Schedule – final values by March 1, seek to reach consensus earlier.
- d. New Utility Initiatives per Legislation (Programs Transferred from DCEO)
  - i. Requires more detailed discussion as were not covered in prior planning process
    - Low Income
      - a. Public Housing low income not included in low income budget
      - b. Utilities will establish and lead Low Income Working Group per statute
    - Market Transformation
    - Public Sector
    - Will devote January 31, 2017 to have in-depth discussion of key issues and to allow affected stakeholders/customers/implementers provide input
- e. Tracking/Reporting Measure Lives: Correctly tracking/reporting cumulative persistent goals really important under new framework is very important starting January 1, 2018. Cumulative persistent savings must be tracked by measure, not by program. Thus, savings from measures with short measure life gone when measure life is up.
  - i. Applicable to electric utilities only
- f. eTRM Measure Parameters: Need to review processes for ensuring integrity of TRM process, especially savings values and measure life.
  - i. Adopt NTG process for TRM – eTRM administrator has final say in areas of dispute.
  - ii. Ensure sufficient participation from non-financially interested parties so that savings values are not inflated. Furthermore, must be clear that TRM administrator is required to exercise best professional judgment, and has final say on values, rather than just seeking majority or consensus opinion.

- iii. Clear rules should be established that prohibit financially-interested parties from “voting” on established values.
- g. Legislative Savings Targets
  - i. Need to achieve cost-effectively within spending cap
  - ii. Statutory exceptions for ComEd and Ameren 8-103(B)(f)(1)
    - ComEd: Spending Cap: “however, the goals may be reduced if the utility's expenditures are limited pursuant to subsection (m) of this Section”
    - Ameren IL: Spending Cap OR goals not cost effective and prior year’s EM&V results are less than forecast required to achieve goals . . . . “for a utility that serves less than 3,000,000 retail customers, if each of the following conditions are met: (A) the plan's analysis and forecasts of the utility's ability to acquire energy savings demonstrate that achievement of such goals is not cost -effective; and (B) the amount of energy savings achieved by the utility as determined by the independent evaluator for the most recent year for which savings have been evaluated preceding the plan filing was less than the average annual amount of savings required to achieve the goals for the applicable 4-year plan period. Except as provided in subsection (m) of this Section, annual increases in cumulative persisting annual savings goals during the applicable 4-year plan period shall not be reduced to amounts that are less than the maximum amount of cumulative persisting annual savings that is forecast to be cost-effectively achievable during the 4-year plan period.”
- h. C&I Exclusion Impact on the overall portfolio savings and budgets.
- i. Voltage Optimization
  - Ameren IL: Must submit voltage optimization study 270 days after bill. If Commission determines less savings potential than expected – goals reduced; more savings from VO than expected, goals increased.
  - Voltage Optimization spend is not part of EE spending cap, nor counted for towards EE incentive mechanism.
  - What are the Ameren/ComEd plans with respect to VO?
- j. Legislative Changes for Gas Utilities
  - Timing of plan filing
  - Administering DCEO programs effective 1/1/18
  - Electrics get to claim up to 10% of targets by extending jointly delivered programs after gas funding runs out. What are implications/interactive effect?
  - Changes to TRC calculation - Social discount rate if applicable (not required, may be used)
  - Self-directed customer support (aggregation, handled historically by DCEO)
- k. Miscellaneous Legislative Changes for Electric Utilities
  - On-bill financing changes
    - a. What are these, specifically?
  - Electric can claim up to 10% of targets through gas measures
    - a. Interactive effect?
    - b. Implications?
  - Changes to TRC calculation - Social discount rate
- l. NEBs

- Legislation does not resolve issue of incorporating NEBs
  - NEB studies can still move forward as set forth in original stipulations
- m. Switch to Social Discount Rate per 20 ILCS 3855/1-10 (Electric only)
- Defined in law as “In discounting future societal costs and benefits for the purpose of calculating net present values, a societal discount rate based on actual, long-term Treasury bond yields should be used. Notwithstanding anything to the contrary, the TRC test shall not include or take into account a calculation of market price suppression effects or demand reduction induced price effects.”
    - Social discount rate should be statewide consistent.
    - Need process in SAG for determining what social discount rate is.
- n. AMI Data – Use of AMI data in energy efficiency planning
- i. Not applicable for planning, will apply to implementation
  - ii. <https://www.icc.illinois.gov/docket/CaseDetails.aspx?no=14-0507>
  - iii. How utilities will use AMI to inform their energy efficiency plans and subsequent evaluation, measurement, & verification of those plans.
    - 8-103(B)(i) When practicable, electric utilities shall incorporate advanced metering infrastructure data into the planning, implementation, and evaluation of energy efficiency measures and programs, subject to the data privacy and confidentiality protections of applicable law."
- o. Pathways to Third-Party Participation in Energy Efficiency Programs.
- i. The sections of the law for third-party participation start on page 212.
  - ii. While the programs contemplated by those provisions may not begin until 2019, RFPs will be due in 2018 and the third-party regime should be addressed in the Q1/Q2 2017 SAG planning process
- p. Fate of IPA contracts
- i. IPA programs currently being operated
  - ii. Proposals that were selected through most recent solicitation.
- q. Miscellaneous
- i. Stakeholders must decide if they are going to implement/bid prior to 1/23/2017 in order to be excluded from negotiations
  - ii. Adjustable goals template updates required (extend from 3-year to 4-year)
  - iii. Interactive effects
- 4. Electric Plan 4/Gas Plan 3 Operational Issues**
- a. **Quarterly Report Template**
    - i. Delay any further revisions until after plans filed.
  - b. **Quarterly Reports on progress in current programs**
    - i. Should these updates resume or only after June 30?
- 5. Stakeholder Information Requests**
- a. Opt Out Public Customers (Completed)– Electric utilities to provide list of public sector 10MW+ customer. Important to inform these customers about the new opt out provision effective 6/1, particularly if they have any projects in the pipeline that could be completed by the end of May.
  - b. Calculation of Budget Cap (January)
    - Percentage of sales customers eligible for opt-out in 2015 (January)
    - What is average all-in cost for residential customer in 2015 (8-103(B)(m))

“the average amount paid per kilowatthour by residential eligible retail customers during calendar year 2015. To determine the total amount that may be spent by an electric utility in any single year, the applicable percentage of the average amount paid per kilowatthour shall be multiplied by the total amount of energy delivered by such electric utility in the calendar year 2015, adjusted to reflect the proportion of the utility's load attributable to customers who are exempt from subsections (a) through (j) of this Section under subsection (l) of this Section. For purposes of this subsection (m), the amount paid per kilowatthour includes, without limitation, estimated amounts paid for *supply, transmission, distribution, surcharges, and add-on taxes.*” [Emphasis Added] this Section, no subsequent rate impact determinations shall be made

- c. Opt Out Customers (January)
  - How many sales in 2015 from eligible opt-out customers
  - Yield eligible opt-out C&I customers in PY7 and 8
  - Discuss ongoing opportunity for customers to opt out (customer exceeds in 2017, may opt out in 2018)
- d. Avoided Costs: Avoided costs and avoided costs assumptions (January)
- e. PY8 Results by Program: Budget, savings and cost/unit energy for 8-103, 8-104 and IPA programs (January)
  - Need to also get from DCEO
  - ComEd near final
- f. Voltage Optimization (January)
  - Expected percent of savings from VO
    - a. Ameren IL -established by law subject to study
    - b. ComEd – needs to be confirmed
- g. Batch Files – Dates subject to confirmation at 1/23 meeting
  - i. Mid-March (draft)
  - ii. Revised (April)
- h. Low income budgets by utility (January)

## Preliminary Schedule/List of Topics

Date	Topics/Presenters
Tuesday, January 10 (Teleconference)	<ul style="list-style-type: none"> <li>• Teleconference to Discuss/Seek to Finalize Schedule and Approach</li> </ul>
Tuesday, January 24 (In person large group)	<ul style="list-style-type: none"> <li>• Open discussion/review of new EE provisions; identify legislative provisions where parties have conflicting interpretations that impact portfolio planning process (Annette, Chris Neme, All participants)</li> <li>• “Bridge Period” issues               <ul style="list-style-type: none"> <li>a. NTG &amp; TRM values</li> <li>b. Memorialization of plans (budgets and savings)</li> <li>c. Transition plan for DCEO work</li> </ul> </li> <li>• “Bridge Period” plans               <ul style="list-style-type: none"> <li>a. By utility, budget, savings by program for bridge period.                   <ul style="list-style-type: none"> <li>• Bridge period – if “yield” (cost/kWh or therm) is different in second two months compared to first two months, what is reason?</li> <li>• If new programs or significant program changes, why and what are they?</li> <li>• If discontinued programs/measure, why?</li> </ul> </li> </ul> </li> <li>• High level overview changes to plans based on legislation (All Utilities)               <ul style="list-style-type: none"> <li>a. Present budgets – include discussion of how budgets calculated based on budget cap.</li> <li>b. Present proposed allocation by customer class (low income; excluded customers; voltage optimization)</li> <li>c. Avoided cost assumptions (initial)</li> <li>d. Review approach to changes for 4-year plan (i.e., expansion of existing programs, possible new programs/measures, etc.)</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>e. Identify new programs so that evaluators can provide proposed deemed NTG ratios by February 1, per Policy Manual</li> <li>• Provide information identified below in section on Stakeholder Information Requests.</li> <li>• Staff/Stakeholder comments on areas of greatest importance</li> </ul>
Tuesday, January 31 (In person large group)	<ul style="list-style-type: none"> <li>• DCEO presentation (implementers excluded)</li> <li>• Bridge Period Issues <ul style="list-style-type: none"> <li>○ Stakeholder comments</li> <li>○ Finalize plans</li> <li>○ Identify Open Issues</li> </ul> </li> <li>• New Utility Initiatives – Stakeholder Input <ul style="list-style-type: none"> <li>○ Low Income – Molly Lunn, AG, PAs</li> <li>○ Market Transformation Programs</li> <li>○ Public Sector <ul style="list-style-type: none"> <li>▪ Public Housing component</li> </ul> </li> </ul> </li> <li>• Anything else?</li> </ul>
Wednesday, February 1 (no meeting)	<ul style="list-style-type: none"> <li>• Evaluators to submit initial recommendations for deemed NTG ratios and rationale (Policy Manual deadline)</li> </ul>
Tuesday, February 7 (Teleconference)	<ul style="list-style-type: none"> <li>• Meeting #1 (Teleconference) re: NTG ratios <ul style="list-style-type: none"> <li>a. Review evaluator recommended values; seek to reach consensus</li> </ul> </li> </ul>
Tuesday, February 21 <sup>st</sup> (Teleconference)	<ul style="list-style-type: none"> <li>• Meeting #2 (Teleconference) re: NTG ratios <ul style="list-style-type: none"> <li>○ Review evaluator recommended values; seek to reach consensus</li> </ul> </li> </ul>
Tuesday, February 28 <sup>th</sup> (in person large group meeting)	<ul style="list-style-type: none"> <li>• Use of AMI data in program planning and evaluation</li> <li>• Process for third party programs</li> <li>• OPEN</li> </ul>
Wednesday, March 1 (no meeting)	<ul style="list-style-type: none"> <li>• Evaluators must report final NTG Values</li> </ul>
Tuesday March 14 <sup>th</sup> (in person large group)	<ul style="list-style-type: none"> <li>• Review draft program-level detail (by program, budget, savings, TRC, new measures and significant changes to delivery mechanisms) <ul style="list-style-type: none"> <li>a. Identify any programs where program cost/unit energy exceeds program cost/unit energy in filed plan.</li> </ul> </li> <li>• Utilities provide batch files – Revised portfolio; opportunity for subsequent stakeholder feedback</li> </ul>

	<ul style="list-style-type: none"> <li>• Review draft revised Policy Manual based on legislation</li> <li>• Seek to reach agreement on open legislative interpretation issues; memorialize for settlement agreement</li> </ul> <p>Administrators submit batch files</p>
<p>March 14<sup>th</sup> – April 25<sup>th</sup> (Teleconferences – non-financially interested stakeholders only)  Order of staggered review</p> <ul style="list-style-type: none"> <li>• ComEd</li> <li>• Nicor</li> <li>• PG/NSG</li> <li>• Ameren IL</li> </ul>	<p>Staggered review/discussion of program-level detail, including batch files and small group teleconferences between PAs and non-financially interested stakeholders to seek to reach agreement.</p>
<p>Tuesday, April 25 (In person large group)</p>	<ul style="list-style-type: none"> <li>• Review revised program-level detail (by program, budget, savings, TRC, new measures and significant changes to delivery mechanisms)</li> <li>• Utilities provide batch files</li> <li>• Draft changes to Stipulations</li> <li>• Review final revised Policy Manual based on legislation</li> </ul>
<p>Tuesday, May 23<sup>rd</sup> (in person large group)</p>	<p>Final Portfolio Plans; Final Stipulations</p>
<p>Utilities file soon thereafter, prior to June 30</p>	