

Summary of New IL EE Legislation – Statutory Language Detail

EE SAG Planning Process for Q1/Q2 2017

January 24, 2017

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Savings Targets

Presentation Slides 4-8



Cumulative Persisting Annual Savings Notes

8-103(B)(b) For purposes of this Section, "cumulative persisting annual savings" means the total electric energy savings in a given year from measures installed in that year or in previous years, but no earlier than January 1, 2012, that are still operational and providing savings in that year because the measures have not yet reached the end of their useful lives.¹

8-103(B)(b-15) The difference between the cumulative persisting annual savings goal for the applicable calendar year and the cumulative persisting annual savings goal for the immediately preceding calendar year is 0.8% for the period of January 1, 2018 through December 31, 2025 and 0.6% for the period of January 1, 2026 through December 31, 2030.²

Annual Savings

ComEd



Deemed Cumulative Persisting Annual Savings – Annual reductions for January 1, 2012 – December 31, 2017

8-103(B)(b) For purposes of this Section, **electric utilities subject to this Section that serve more than 3,000,000 retail customers in the State shall be deemed to have achieved a cumulative persisting annual savings of 6.6% from energy efficiency measures and programs implemented during the period beginning January 1, 2012 and ending December 31, 2017**, which percent is based on the deemed average weather normalized sales of electric power and energy during calendar years 2014, 2015, and 2016 of 88,000,000 MWhs. For the purposes of this subsection (b) and subsection (b-5), the 88,000,000 MWhs of deemed electric power and energy sales shall be reduced by the number of MWhs equal to the sum of the annual consumption of customers that are exempt from subsections (a) through (j) of this Section under subsection (l) of this Section, as averaged across the calendar years 2014, 2015, and 2016. **After 2017, the deemed value of cumulative persisting annual savings from energy efficiency measures and programs implemented during the period beginning January 1, 2012 and ending December 31, 2017, shall be reduced each year, as follows, and the applicable value shall be applied to and count toward the utility's achievement of the cumulative persisting annual savings goals set forth in subsection (b-5):**



Deemed Cumulative Persisting Annual Savings – Annual reductions for January 1, 2012 – December 31, 2017

#	Deemed Cumulative Persisting Annual Savings	Year Ending
(1)	5.8%	December 31, 2018
(2)	5.2%	December 31, 2019
(3)	4.5%	December 31, 2020
(4)	4.0%	December 31, 2021
(5)	3.5%	December 31, 2022
(6)	3.1%	December 31, 2023
(7)	2.8%	December 31, 2024
(8)	2.5%	December 31, 2025
(9)	2.3%	December 31, 2026
(10)	2.1%	December 31, 2027
(11)	1.8%	December 31, 2028
(12)	1.7%	December 31, 2029
(13)	1.5%	December 31, 2030

Cumulative Persisting Annual Goals –

> 3M retail customers

8-103(B)(b-5) Beginning in 2018, **electric utilities subject to this Section that serve more than 3,000,000 retail customers in the State shall achieve the following cumulative persisting annual savings goals**, as modified by subsection (f) of this Section and as compared to the deemed baseline of 88,000,000 MWhs of electric power and energy sales set forth in subsection (b), as reduced by the number of MWhs equal to the sum of the annual consumption of customers that are exempt from subsections (a) through (j) of this Section under subsection (l) of this Section as averaged across the calendar years 2014, 2015, and 2016, through the implementation of energy efficiency measures during the applicable year and in prior years, but no earlier than January 1, 2012:

#	Cumulative Persisting Annual Savings Goals	Year Ending
(1)	7.8%	December 31, 2018
(2)	9.1%	December 31, 2019
(3)	10.4%	December 31, 2020
(4)	11.8%	December 31, 2021
(5)	13.1%	December 31, 2022
(6)	14.4%	December 31, 2023
(7)	15.7%	December 31, 2024
(8)	17.0%	December 31, 2025
(9)	17.9%	December 31, 2026
(10)	18.8%	December 31, 2027
(11)	19.7%	December 31, 2028
(12)	20.6%	December 31, 2029
(13)	21.5%	December 31, 2030

Annual Savings

Ameren



Deemed Cumulative Persisting Annual Savings – Annual reductions for January 1, 2012- December 31, 2017

8-103(B)(b-10) For purposes of this Section, **electric utilities** subject to this Section that serve less than 3,000,000 retail customers but more than 500,000 retail customers in the State shall be deemed to have achieved a cumulative persisting annual savings of 6.6% from energy efficiency measures and programs implemented during the period beginning January 1, 2012 and ending December 31, 2017, which is based on the deemed average weather normalized sales of electric power and energy during calendar years 2014, 2015, and 2016 of 36,900,000 MWhs. For the purposes of this subsection (b-10) and subsection (b-15), the 36,900,000 MWhs of deemed electric power and energy sales shall be reduced by the number of MWhs equal to the sum of the annual consumption of customers that are exempt from subsections (a) through (j) of this Section under subsection (l) of this Section, as averaged across the calendar years 2014, 2015, and 2016. **After 2017, the deemed value of cumulative persisting annual savings from energy efficiency measures and programs implemented during the period beginning January 1, 2012 and ending December 31, 2017, shall be reduced each year, as follows, and the applicable value shall be applied to and count toward the utility's achievement of the cumulative persisting annual savings goals set forth in subsection (b-15):**



Deemed Cumulative Persisting Annual Savings – Annual reductions for January 1, 2012- December 31, 2017

#	Cumulative Persisting Annual Savings	Year Ending
(1)	5.8%	December 31, 2018
(2)	5.2%	December 31, 2019
(3)	4.5%	December 31, 2020
(4)	4.0%	December 31, 2021
(5)	3.5%	December 31, 2022
(6)	3.1%	December 31, 2023
(7)	2.8%	December 31, 2024
(8)	2.5%	December 31, 2025
(9)	2.3%	December 31, 2026
(10)	2.1%	December 31, 2027
(11)	1.8%	December 31, 2028
(12)	1.7%	December 31, 2029
(13)	1.5%	December 31, 2030



Cumulative Persisting Annual Goals –

< 3M and >500,000 retail customers

8-103(B)(b-15) Beginning in 2018, **electric utilities subject to this Section that serve less than 3,000,000 retail customers but more than 500,000 retail customers in the State shall achieve the following cumulative persisting annual savings goals**, as modified by subsection (b-20) and subsection (f) of this Section and as compared to the deemed baseline as reduced by the number of MWhs equal to the sum of the annual consumption of customers that are exempt from subsections (a) through (j) of this Section under subsection (l) of this Section as averaged across the calendar years 2014, 2015, and 2016, through the implementation of energy efficiency measures during the applicable year and in prior years, but no earlier than January 1, 2012:

#	Cumulative Persisting Annual Savings Goals	Year Ending
(1)	7.4%	December 31, 2018
(2)	8.2%	December 31, 2019
(3)	9.0%	December 31, 2020
(4)	9.8%	December 31, 2021
(5)	10.6%	December 31, 2022
(6)	11.4%	December 31, 2023
(7)	12.2%	December 31, 2024
(8)	13%	December 31, 2025
(9)	13.6%	December 31, 2026
(10)	14.2%	December 31, 2027
(11)	14.8%	December 31, 2028
(12)	15.4%	December 31, 2029
(13)	16%	December 31, 2030

Annual Savings

Gas Utilities

Gas Utility Annual Savings targets

8-104(c) Natural gas utilities shall implement cost-effective energy efficiency measures to meet at least the following natural gas savings requirements, which shall be based upon the total amount of gas delivered to retail customers, other than the customers described in subsection (m) of this Section, during calendar year 2009 multiplied by the applicable percentage. Natural gas utilities may comply with this Section by meeting the annual incremental savings goal in the applicable year or by showing that total cumulative annual savings within a multi-year 3-year planning period associated with measures implemented after May 31, 2011 were equal to the sum of each annual incremental savings requirement from the first day of the multi-year planning period May 31, 2011 through the last day of the multi-year planning period end of the applicable year:

#	Annual Incremental Savings	Achieved
(1)	0.2%	By May 31, 2012
(2)	0.4% (<i>Increasing total savings to 0.6%</i>)	By May 31, 2013
(3)	0.6% (<i>Increasing total savings to 1.2%</i>)	By May 31, 2014
(4)	0.8% (<i>Increasing total savings to 2.0%</i>)	By May 31, 2015
(5)	1.0% (<i>Increasing total savings to 3.0%</i>)	By May 31, 2016
(6)	1.2% (<i>Increasing total savings to 4.2%</i>)	By May 31, 2017
(7)	1.4%	In year commencing January 1, 2018
(8)	1.5%	In year commencing January 1, 2019
(9)	1.5%	Each 12-month period thereafter

Conservation Voltage Regulation

“Voltage Optimization”

Presentation Slide 9



Voltage Optimization

Sec. 1-10. Definitions:

- "Energy efficiency" means measures that reduce the amount of electricity or natural gas consumed in order to achieve a given end use. "Energy efficiency" includes voltage optimization measures that optimize the voltage at points on the electric distribution voltage system and thereby reduce electricity consumption by electric customers' end use devices. "Energy efficiency" also includes measures that reduce the total Btus of electricity, natural gas, and other fuels needed to meet the end use or uses.

Provisions:

- **8-103(B)(b-20)** Each electric utility subject to this Section may include cost-effective voltage optimization measures in its plans submitted under subsections (f) and (g) of this Section, and the costs incurred by a utility to implement the measures under a Commission-approved plan shall be recovered under the provisions of Article IX or Section 16-108.5 of this Act. For purposes of this Section, the measure life of voltage optimization measures shall be 15 years. The measure life period is independent of the depreciation rate of the voltage optimization assets deployed.



Voltage Optimization

Filing Schedule, Annual Savings

8-103(B)(b-20) Con't Within 270 days after the effective date of this amendatory Act of the 99th General Assembly, an electric utility that serves less than 3,000,000 retail customers but more than 500,000 retail customers in the State shall file a plan with the Commission that identifies the cost-effective voltage optimization investment the electric utility plans to undertake through December 31, 2024. The Commission, after notice and hearing, shall approve or approve with modification the plan within 120 days after the plan's filing and, in the order approving or approving with modification the plan, the Commission shall adjust the applicable cumulative persisting annual savings goals set forth in subsection (b-15) to reflect any amount of cost-effective energy savings approved by the Commission that is greater than or less than the following cumulative persisting annual savings values attributable to voltage optimization for the applicable year:

#	Cumulative Persisting Annual Savings Goals	Year Ending
(1)	0.0%	December 31, 2018
(2)	0.17%	December 31, 2019
(3)	0.17%	December 31, 2020
(4)	0.33%	December 31, 2021
(5)	0.5%	December 31, 2022
(6)	0.67%	December 31, 2023
(7)	0.83%	December 31, 2024
(8)	1.0%	December 31, 2025

Counting Other Fuel Savings

Presentation Slide 10



Electric Utility

Funding of Gas Measures

- **8-103(B)(b-25)** In the event an electric utility jointly offers an energy efficiency measure or program with a gas utility under plans approved under this Section and Section 8-104 of this Act, the electric utility may continue offering the program, including the gas energy efficiency measures, in the event the gas utility discontinues funding the program. In that event, the energy savings value associated with such other fuels shall be converted to electric energy savings on an equivalent Btu basis for the premises. However, the electric utility shall prioritize programs for low-income residential customers to the extent practicable. An electric utility may recover the costs of offering the gas energy efficiency measures under this subsection (b-25).
- **8-103(B)(b-25) Con't:** For those energy efficiency measures or programs that save both electricity and other fuels but are not jointly offered with a gas utility under plans approved under this Section and Section 8-104 or not offered with an affiliated gas utility under paragraph (6) of subsection (f) of Section 8-104 of this Act, the electric utility may count savings of fuels other than electricity toward the achievement of its annual savings goal, and the energy savings value associated with such other fuels shall be converted to electric energy savings on an equivalent Btu basis at the premises.
- **8-103(B)(b-25) Con't:** In no event shall more than 10% of each year's applicable annual incremental goal as defined in paragraph (7) of subsection (g) of this Section be met through savings of fuels other than electricity.

Possible Savings Target Adjustments

Presentation Slide 11



Possible Adjustments – 2018-2021, Ameren only

8-103(B)(f)(1) No later than 30 days after the effective date of this amendatory Act of the 99th General Assembly or May 1, 2017, whichever is later, each electric utility shall file a 4-year energy efficiency plan commencing on January 1, 2018 that is designed to achieve the cumulative persisting annual savings goals specified in paragraphs (1) through (4) of subsection (b-5) of this Section or in paragraphs (1) through (4) of subsection (b-15) of this Section, as applicable, through implementation of energy efficiency measures; **however, the goals may be reduced if the utility's expenditures are limited pursuant to subsection (m) of this Section or, 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. The Commission shall review any proposed goal reduction as part of its review and approval of the utility's proposed plan.



Possible Adjustments – 2022-2025

8-103(B)(f)(2) No later than March 1, 2021, each electric utility shall file a 4-year energy efficiency plan commencing on January 1, 2022 that is designed to achieve the cumulative persisting annual savings goals specified in paragraphs (5) through (8) of subsection (b-5) of this Section or in paragraphs (5) through (8) of subsection (b-15) of this Section, as applicable, through implementation of energy efficiency measures; however, **the goals may be reduced if the utility's expenditures are limited pursuant to subsection (m) of this Section or, 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. The Commission shall review any proposed goal reduction as part of its review and approval of the utility's proposed plan.



Possible Adjustments – 2026-2030

8-103(B)(f)(3) No later than March 1, 2025, each electric utility shall file a 5-year energy efficiency plan commencing on January 1, 2026 that is designed to achieve the cumulative persisting annual savings goals specified in paragraphs (9) through (13) of subsection (b-5) of this Section or in paragraphs (9) through (13) of subsection (b-15) of this Section, as applicable, through implementation of energy efficiency measures; however, **the goals may be reduced if the utility's expenditures are limited pursuant to subsection (m) of this Section or, 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 5-year plan period.** Except as provided in subsection (m) of this Section, annual increases in cumulative persisting annual savings goals during the applicable 5-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 5-year plan period. The Commission shall review any proposed goal reduction as part of its review and approval of the utility's proposed plan.

Utility Performance Incentives

Presentation Slides 12-16



Electric Utility Plan (ComEd)

Return on Equity

8-103(B)(g)(7) For electric utilities that serve more than 3,000,000 retail customers in the State:

- **8-103(B)(g)(7)(A)** Through December 31, 2025, provide for an adjustment to the return on equity component of the utility's weighted average cost of capital calculated under subsection (d) of this Section:
 - 8-103(B)(g)(7)(A)(i) If the independent evaluator determines that the utility achieved a cumulative persisting annual savings that is less than the applicable annual incremental goal, then the return on equity component shall be reduced by a maximum of 200 basis points in the event that the utility achieved no more than 75% of such goal. If the utility achieved more than 75% of the applicable annual incremental goal but less than 100% of such goal, then the return on equity component shall be reduced by 8 basis points for each percent by which the utility failed to achieve the goal.



Electric Utility Plan (ComEd)

Return on Equity

8-103(B)(g)(7)(ii) If the independent evaluator determines that the utility achieved a cumulative persisting annual savings that is more than the applicable annual incremental goal, then the return on equity component shall be increased by a maximum of 200 basis points in the event that the utility achieved at least 125% of such goal. If the utility achieved more than 100% of the applicable annual incremental goal but less than 125% of such goal, then the return on equity component shall be increased by 8 basis points for each percent by which the utility achieved above the goal. If the applicable annual incremental goal was reduced under paragraphs (1) or (2) of subsection (f) of this Section, then the following adjustments shall be made to the calculations described in this item (ii):

- (aa) the calculation for determining achievement that is at least 125% of the applicable annual incremental goal shall use the unreduced applicable annual incremental goal to set the value; and
- (bb) the calculation for determining achievement that is less than 125% but more than 100% of the applicable annual incremental goal shall use the reduced applicable annual incremental goal to set the value for 100% achievement of the goal and shall use the unreduced goal to set the value for 125% achievement. The 8 basis point value shall also be modified, as necessary, so that the 200 basis points are evenly apportioned among each percentage point value between 100% and 125% achievement.



Electric Utility Plan (ComEd)

Return on Equity

8-103(B)(g)(7)(B) For the period January 1, 2026 through December 31, 2030, provide for an adjustment to the return on equity component of the utility's weighted average cost of capital calculated under subsection (d) of this Section:

- (i) If the independent evaluator determines that the utility achieved a cumulative persisting annual savings that is less than the applicable annual incremental goal, then the return on equity component shall be reduced by a maximum of 200 basis points in the event that the utility achieved no more than 66% of such goal. If the utility achieved more than 66% of the applicable annual incremental goal but less than 100% of such goal, then the return on equity component shall be reduced by 6 basis points for each percent by which the utility failed to achieve the goal.



Electric Utility Plan (ComEd)

Return on Equity

8-103(B)(g)(7)(B) (ii) If the independent evaluator determines that the utility achieved a cumulative persisting annual savings that is more than the applicable annual incremental goal, then the return on equity component shall be increased by a maximum of 200 basis points in the event that the utility achieved at least 134% of such goal. If the utility achieved more than 100% of the applicable annual incremental goal but less than 134% of such goal, then the return on equity component shall be increased by 6 basis points for each percent by which the utility achieved above the goal. If the applicable annual incremental goal was reduced under paragraph (3) of subsection (f) of this Section, then the following adjustments shall be made to the calculations described in this item (ii):

- (aa) the calculation for determining achievement that is at least 134% of the applicable annual incremental goal shall use the unreduced applicable annual incremental goal to set the value; and
- (bb) the calculation for determining achievement that is less than 134% but more than 100% of the applicable annual incremental goal shall use the reduced applicable annual incremental goal to set the value for 100% achievement of the goal and shall use the unreduced goal to set the value for 134% achievement. The 6 basis point value shall also be modified, as necessary, so that the 200 basis points are evenly apportioned among each percentage point value between 100% and 134% achievement.



Electric Utility Plan (ComEd)

Return on Equity

8-103(B)(g)(7.5) For purposes of this Section, the term "applicable annual incremental goal" means the difference between the cumulative persisting annual savings goal for the calendar year that is the subject of the independent evaluator's determination and the cumulative persisting annual savings goal for the immediately preceding calendar year, as such goals are defined in subsections (b-5) and (b-15) of this Section and as these goals may have been modified as provided for under subsection (b-20) and paragraphs (1) through (3) of subsection (f) of this Section. Under subsections (b), (b-5), (b-10), and (b-15) of this Section, a utility must first replace energy savings from measures that have reached the end of their measure lives and would otherwise have to be replaced to meet the applicable savings goals identified in subsection (b-5) or (b-15) of this Section before any progress towards achievement of its applicable annual incremental goal may be counted. Notwithstanding anything else set forth in this Section, the difference between the actual annual incremental savings achieved in any given year, including the replacement of energy savings from measures that have expired, and the applicable annual incremental goal shall not affect adjustments to the return on equity for subsequent calendar years under this subsection (g).



Electric Utility Plan (Ameren)

Return on Equity

8-103(B)(g)(8) For electric utilities that serve less than 3,000,000 retail customers but more than 500,000 retail customers in the State:

- **8-103(B)(g)(8)(A)** Through December 31, 2025, the applicable annual incremental goal shall be compared to the annual incremental savings as determined by the independent evaluator.
 - (i) The return on equity component shall be reduced by 8 basis points for each percent by which the utility did not achieve 84.4% of the applicable annual incremental goal.
 - (ii) The return on equity component shall be increased by 8 basis points for each percent by which the utility exceeded 100% of the applicable annual incremental goal.
 - (iii) The return on equity component shall not be increased or decreased if the annual incremental savings as determined by the independent evaluator is greater than 84.4% of the applicable annual incremental goal and less than 100% of the applicable annual incremental goal.
 - (iv) The return on equity component shall not be increased or decreased by an amount greater than 200 basis points pursuant to this subparagraph (A).



Electric Utility Plan (Ameren)

Return on Equity

8-103(B)(g)(8)(B) For the period of January 1, 2026 through December 31, 2030, the applicable annual incremental goal shall be compared to the annual incremental savings as determined by the independent evaluator.

- (i) The return on equity component shall be reduced by 6 basis points for each percent by which the utility did not achieve 100% of the applicable annual incremental goal.
- (ii) The return on equity component shall be increased by 6 basis points for each percent by which the utility exceeded 100% of the applicable annual incremental goal.
- (iii) The return on equity component shall not be increased or decreased by an amount greater than 200 basis points pursuant to this subparagraph (B).

Electric Utility Plan (Ameren)

Return on Equity

8-103(B)(g)(8)(C) If the applicable annual incremental goal was reduced under paragraphs (1), (2) or (3) of subsection (f) of this Section, then the following adjustments shall be made to the calculations described in subparagraphs (A) and (B) of this paragraph (8):

- (i) The calculation for determining achievement that is at least 125% or 134%, as applicable, of the applicable annual incremental goal shall use the unreduced applicable annual incremental goal to set the value.
- (ii) For the period through December 31, 2025, the calculation for determining achievement that is less than 125% but more than 100% of the applicable annual incremental goal shall use the reduced applicable annual incremental goal to set the value for 100% achievement of the goal and shall use the unreduced goal to set the value for 125% achievement. The 8 basis point value shall also be modified, as necessary, so that the 200 basis points are evenly apportioned among each percentage point value between 100% and 125% achievement.
- (iii) For the period of January 1, 2026 through December 31, 2030, the calculation for determining achievement that is less than 134% but more than 100% of the applicable annual incremental goal shall use the reduced applicable annual incremental goal to set the value for 100% achievement of the goal and shall use the unreduced goal to set the value for 125% achievement. The 6 basis point value shall also be modified, as necessary, so that the 200 basis points are evenly apportioned among each percentage point value between 100% and 134% achievement.

Utility Plans – Planning Cycles

Presentation Slide 18



Electric Utility Plan

Filing Requirements and Schedule

8-103(B)(f) Beginning in 2017, each electric utility shall file an energy efficiency plan with the Commission to meet the energy efficiency standards for the next applicable multi-year period beginning January 1 of the year following the filing, according to the schedule set forth in paragraphs (1) through (3) of this subsection (f). If a utility does not file such a plan on or before the applicable filing deadline for the plan, it shall face a penalty of \$100,000 per day until the plan is filed.



Electric Utility Plan

Filing Requirements and Schedule

8-103(B)(f)(1) No later than 30 days after the effective date of this amendatory Act of the 99th General Assembly or May 1, 2017, whichever is later, each electric utility shall file a 4-year energy efficiency plan commencing on January 1, 2018 that is designed to achieve the cumulative persisting annual savings goals specified in paragraphs (1) through (4) of subsection (b-5) of this Section or in paragraphs (1) through (4) of subsection (b-15) of this Section, as applicable, through implementation of energy efficiency measures; however, the goals may be reduced if the utility's expenditures are limited pursuant to subsection (m) of this Section or, 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.** The Commission shall review any proposed goal reduction as part of its review and approval of the utility's proposed plan.



Electric Utility Plan

Filing Requirements and Schedule

8-103(B)(f)(2) No later than March 1, 2021, each electric utility shall file a 4-year energy efficiency plan commencing on January 1, 2022 that is designed to achieve the cumulative persisting annual savings goals specified in paragraphs (5) through (8) of subsection (b-5) of this Section or in paragraphs (5) through (8) of subsection (b-15) of this Section, as applicable, through implementation of energy efficiency measures; however, the goals may be reduced if the utility's expenditures are limited pursuant to subsection (m) of this Section or, 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. The Commission shall review any proposed goal reduction as part of its review and approval of the utility's proposed plan.



Electric Utility Plan

Filing Requirements and Schedule

8-103(B)(f)(3) No later than March 1, 2025, each electric utility shall file a 5-year energy efficiency plan commencing on January 1, 2026 that is designed to achieve the cumulative persisting annual savings goals specified in paragraphs (9) through (13) of subsection (b-5) of this Section or in paragraphs (9) through (13) of subsection (b-15) of this Section, as applicable, through implementation of energy efficiency measures; however, the goals may be reduced if the utility's expenditures are limited pursuant to subsection (m) of this Section or, 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 5-year plan period. Except as provided in subsection (m) of this Section, annual increases in cumulative persisting annual savings goals during the applicable 5-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 5-year plan period. The Commission shall review any proposed goal reduction as part of its review and approval of the utility's proposed plan.



Electric Utility Plan

Filing Requirements and Schedule

8-103(B)(f)(3) Con't: Each utility's plan shall set forth the utility's proposals to meet the energy efficiency standards identified in subsection (b-5) or (b-15), as applicable and as such standards may have been modified under this subsection (f), taking into account the unique circumstances of the utility's service territory. **For those plans commencing on January 1, 2018, the Commission shall seek public comment on the utility's plan and shall issue an order approving or disapproving each plan no later than August 31, 2017, or 105 days after the effective date of this amendatory Act of the 99th General Assembly, whichever is later.** For those plans commencing after December 31, 2021, the Commission shall seek public comment on the utility's plan and shall issue an order approving or disapproving each plan within 6 months after its submission. If the Commission disapproves a plan, the Commission shall, within 30 days, describe in detail the reasons for the disapproval and describe a path by which the utility may file a revised draft of the plan to address the Commission's concerns satisfactorily. If the utility does not refile with the Commission within 60 days, the utility shall be subject to penalties at a rate of \$100,000 per day until the plan is filed. This process shall continue, and penalties shall accrue, until the utility has successfully filed a portfolio of energy efficiency and demand-response measures. Penalties shall be deposited into the Energy Efficiency Trust Fund.



Gas Utility Plan

Filing Requirements and Schedule

8-104(f) Beginning in 2017 and every 4 years thereafter, each utility shall file an energy efficiency plan with the Commission to meet the energy efficiency standards for the next applicable 4-year period beginning January 1 of the year following the filing. For those multi-year plans commencing on January 1, 2018, each utility shall file its proposed energy efficiency plan no later than 30 days after the effective date of this amendatory Act of the 99th General Assembly or May 1, 2017, whichever is later. Beginning in 2021 and every 4 years thereafter, each utility shall file its energy efficiency plan no later than March 1. If a utility does not file such a plan on or before the applicable filing deadline for the plan then it shall face a penalty of \$100,000 per day until the plan is filed.



Gas Utility Plan

Filing Requirements and Schedule

8-104(f) Con't Each utility's plan shall set forth the utility's proposals to meet the utility's portion of the energy efficiency standards identified in subsection (c) of this Section, as modified by subsection (d) of this Section, taking into account the unique circumstances of the utility's service territory. For those plans commencing after December 31, 2021, the Commission shall seek public comment on the utility's plan and shall issue an order approving or disapproving each plan within 6 months after its submission. **For those plans commencing on January 1, 2018, the Commission shall seek public comment on the utility's plan and shall issue an order approving or disapproving each plan no later than August 31, 2017, or 105 days after the effective date of this amendatory Act of the 99th General Assembly, whichever is later.** If the Commission disapproves a plan, the Commission shall, within 30 days, describe in detail the reasons for the disapproval and describe a path by which the utility may file a revised draft of the plan to address the Commission's concerns satisfactorily. If the utility does not refile with the Commission within 60 days after the disapproval, the utility shall be subject to penalties at a rate of \$100,000 per day until the plan is filed. This process shall continue, and penalties shall accrue, until the utility has successfully filed a portfolio of energy efficiency measures. Penalties shall be deposited into the Energy Efficiency Trust Fund and the cost of any such penalties may not be recovered from ratepayers.

Portfolio Budget Requirements

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Low Income Budget

Electric Utilities:

- **8-103(B)(c) Con't:** The utilities shall also implement energy efficiency measures targeted at **low-income households**, which, for purposes of this Section, shall be defined as households at or below 80% of area median income, and **expenditures to implement the measures shall be no less than \$25,000,000 per year for electric utilities that serve more than 3,000,000 retail customers in the State and no less than \$8,350,000 per year for electric utilities that serve less than 3,000,000 retail customers but more than 500,000 retail customers in the State.**

Gas Utilities:

- **8-104(e-5) Con't:** The utilities shall also **present a portfolio of energy efficiency measures proportionate to the share of total annual utility revenues in Illinois from households at or below 150% of the poverty level.** Such programs shall be targeted to households with incomes at or below 80% of area median income.



Public Buildings Budget

Electric Utilities:

- **8-103(B)(c)** ... A minimum of 10%, for electric utilities that serve more than 3,000,000 retail customers in the State, and a minimum of 7%, for electric utilities that serve less than 3,000,000 retail customers but more than 500,000 retail customers in the State, of the utility's entire portfolio funding level for a given year shall be used to procure cost-effective energy efficiency measures from units of local government, municipal corporations, school districts, public housing, and community college districts, provided that a minimum percentage of available funds shall be used to procure energy efficiency from public housing, which percentage shall be equal to public housing's share of public building energy consumption.

Gas Utilities:

- **8-104(e-5)** ... A minimum of 10% of the entire portfolio of cost-effective energy efficiency measures shall be procured from local government, municipal corporations, school districts, and community college districts. Five percent of the entire portfolio of cost-effective energy efficiency measures may be granted to local government and municipal corporations for market transformation initiatives.



Third Party Programs Budget

ComEd

- **8-103(B)(g)(4)(A)** beginning with the year commencing January 1, 2019, electric utilities that serve more than 3,000,000 retail customers in the State shall fund third-party energy efficiency programs in an amount that is no less than \$25,000,000 per year, and electric utilities that serve less than 3,000,000 retail customers but more than 500,000 retail customers in the State shall fund third-party energy efficiency programs in an amount that is no less than \$8,350,000 per year

Ameren

- **8-103(B)(g)(4)(A)** beginning with the year commencing January 1, 2019, ... electric utilities that serve less than 3,000,000 retail customers but more than 500,000 retail customers in the State shall fund third-party energy efficiency programs in an amount that is no less than \$8,350,000 per year

New Electric Portfolio Budget Requirements

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New Electric Portfolio Budget Requirements

EM&V

- **8-103(B)(g)(6)** Provide for an annual independent evaluation of the performance of the cost-effectiveness of the utility's portfolio of measures, as well as a full review of the multi-year plan results of the broader net program impacts and, to the extent practical, for adjustment of the measures on a going-forward basis as a result of the evaluations. The resources dedicated to evaluation shall not exceed 3% of portfolio resources in any given year.

R&D

- **8-103(B)(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.

Additional Plan Provisions

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Additional Electric Plan Provisions

Demand Response

- **8-103(B)(g)(4.5)** Implement **cost-effective demand-response measures to reduce peak demand by 0.1% over the prior year for eligible retail customers**, as defined in Section 16-111.5 of this Act, and for customers that elect hourly service from the utility pursuant to Section 16-107 of this Act, provided those customers have not been declared competitive. **This requirement continues until December 31, 2026.**

AMI

- **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.



Gas Utility Plan R&D

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

Low Income Issues

Presentation Slide 24



Electric Utility

- **8-103(B)(c) Con't:** Each electric utility shall assess opportunities to implement cost-effective energy efficiency measures and programs through a public housing authority or authorities located in its service territory. If such opportunities are identified, the utility shall propose such measures and programs to address the opportunities. Expenditures to address such opportunities shall be credited toward the minimum procurement and expenditure requirements set forth in this subsection (c).
- **8-103(B)(c) Con't:** Implementation of energy efficiency measures and programs targeted at low-income households should be contracted, when it is practicable, to independent third parties that have demonstrated capabilities to serve such households, with a preference for not-for-profit entities and government agencies that have existing relationships with or experience serving low-income communities in the State.
- **8-103(B)(c) Con't:** Each electric utility shall develop and implement reporting procedures that address and assist in determining the amount of energy savings that can be applied to the low-income procurement and expenditure requirements set forth in this subsection (c).
- **8-103(B)(c) Con't:** The electric utilities shall also convene a low-income energy efficiency advisory committee to assist in the design and evaluation of the low-income energy efficiency programs. The committee shall be comprised of the electric utilities subject to the requirements of this Section, the gas utilities subject to the requirements of Section 8-104 of this Act, the utilities' low-income energy efficiency implementation contractors, and representatives of community-based organizations.



Electric Utility Prioritization in Counting Gas Savings

- **8-103(B)(b-25)** In the event an electric utility jointly offers an energy efficiency measure or program with a gas utility under plans approved under this Section and Section 8-104 of this Act, the electric utility may continue offering the program, including the gas energy efficiency measures, in the event the gas utility discontinues funding the program. In that event, the energy savings value associated with such other fuels shall be converted to electric energy savings on an equivalent Btu basis for the premises. However, the **electric utility shall prioritize programs for low-income residential customers to the extent practicable**. An electric utility **may recover the costs of offering the gas energy efficiency measures** under this subsection (b-25).



Electric Utility Plan Low Income Measure Lives

- **8-103(B)(j)** The independent evaluator shall follow the guidelines and use the savings set forth in Commission-approved energy efficiency policy manuals and technical reference manuals, as each may be updated from time to time. **Until such time as measure life values for energy efficiency measures implemented for low-income households under subsection (c) of this Section are incorporated into such Commission-approved manuals, the low-income measures shall have the same measure life values that are established for same measures implemented in households that are not low-income households.**

Cost-Effectiveness

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Electric Utility TRC

Sec. 1-10. Definitions.

- "Total resource cost test" or "TRC test" means a standard that is met if, for an investment in energy efficiency or demand-response measures, the benefit-cost ratio is greater than one. **The benefit-cost ratio is the ratio of the net present value of the total benefits of the program to the net present value of the total costs as calculated over the lifetime of the measures.** A total resource cost test compares the sum of avoided electric utility costs, representing the benefits that accrue to the system and the participant in the delivery of those efficiency measures and including avoided costs associated with reduced use of natural gas or other fuels, avoided costs associated with reduced water consumption, and avoided costs associated with reduced operation and maintenance costs, as well as other quantifiable societal benefits, to the sum of all incremental costs of end-use measures that are implemented due to the program (including both utility and participant contributions), plus costs to administer, deliver, and evaluate each demand-side program, to quantify the net savings obtained by substituting the demand-side program for supply resources. In calculating avoided costs of power and energy that an electric utility would otherwise have had to acquire, reasonable estimates shall be included of financial costs likely to be imposed by future regulations and legislation on emissions of greenhouse gases. **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.**

Electric Utility Cost Effectiveness

- **8-103(B)(a)** It is the policy of the State that electric utilities are **required to use cost-effective energy efficiency and demand-response measures to reduce delivery load**. Requiring investment in cost-effective energy efficiency and demand-response measures will reduce direct and indirect costs to consumers by decreasing environmental impacts and by avoiding or delaying the need for new generation, transmission, and distribution infrastructure. It serves the public interest to allow electric utilities to recover costs for reasonably and prudently incurred expenditures for energy efficiency and demand-response measures. As used in this Section, **"cost-effective" means that the measures satisfy the total resource cost test. The low-income measures described in subsection (c) of this Section shall not be required to meet the total resource cost test.**
 - **8-103(B)(a-5)** This Section **applies to electric utilities serving more than 500,000 retail customers in the State for those multi-year plans commencing after December 31, 2017.**
- 8-103(B)(g)** In submitting proposed plans and funding levels ... the utility shall:
- **8-103(B)(g)(3)** Demonstrate that its **overall portfolio of measures, not including low-income programs described in subsection (c) of this Section, is cost-effective using the total resource cost test** or complies with paragraphs (1) through (3) of subsection (f) of this Section **and represents a diverse cross-section of opportunities for customers of all rate classes**, other than those customers described in subsection (l) of this Section, to participate in the programs. **Individual measures need not be cost effective.**

Gas Utility Cost Effectiveness

- **8-104(a)** It is the policy of the State that natural gas utilities and the Department of Commerce and Economic Opportunity are **required to use cost-effective energy efficiency to reduce direct and indirect costs to consumers**. It serves the public interest to allow natural gas utilities **to recover costs for reasonably and prudently incurred expenses for cost-effective energy efficiency measures**.
- **8-104(b)** For purposes of this Section, "energy efficiency" means measures that reduce the amount of energy required to achieve a given end use. "Energy efficiency" also includes measures that reduce the total Btus of electricity and natural gas needed to meet the end use or uses. **"Cost-effective" means that the measures satisfy the total resource cost test which, for purposes of this Section, means a standard that is met if, for an investment in energy efficiency, the benefit-cost ratio is greater than one.** The benefit-cost ratio is the ratio of the net present value of the total benefits of the measures to the net present value of the total costs as calculated over the lifetime of the measures. The total resource cost test compares the sum of avoided natural gas utility costs, representing the benefits that accrue to the system and the participant in the delivery of those efficiency measures, as well as other quantifiable societal benefits, including avoided electric utility costs, to the sum of all incremental costs of end use measures (including both utility and participant contributions), plus costs to administer, deliver, and evaluate each demand-side measure, to quantify the net savings obtained by substituting demand-side measures for supply resources. In calculating avoided costs, reasonable estimates shall be included for financial costs likely to be imposed by future regulation of emissions of greenhouse gases. **The low-income programs described in item (4) of subsection (f) of this Section shall not be required to meet the total resource cost test.**



Gas Utility Cost Effectiveness

- **8-104(f)(5)** Demonstrate that its **overall portfolio of energy efficiency measures, not including low-income programs** described in item (4) of this subsection (f) and subsection (e-5) of this Section, **are cost-effective using the total resource cost test and represent a diverse cross section of opportunities for customers of all rate classes** to participate in the programs.

Spending Caps

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Electric Utility Customer Cost Cap

8-103(B)(m) Notwithstanding the requirements of this Section, as part of a proceeding to approve a multi-year plan under subsections (f) and (g) of this Section, the Commission shall reduce the amount of energy efficiency measures implemented for any single year, and whose costs are recovered under subsection (d) of this Section, by an amount necessary to limit the estimated average net increase due to the cost of the measures to no more than

- (1) 3.5% for the each of the 4 years beginning January 1, 2018,
- (2) 3.75% for each of the 4 years beginning January 1, 2022, and
- (3) 4% for each of the 5 years beginning January 1, 2026, of 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. For purposes of this Section, "eligible retail customers" shall have the meaning set forth in Section 16-111.5 of this Act. Once the Commission has approved a plan under subsections (f) and (g) of this Section, no subsequent rate impact determinations shall be made.



Gas Utility Customer Cost Cap

- **8-104(d)** Notwithstanding the requirements of subsection (c) of this Section, a natural gas utility shall limit the amount of energy efficiency implemented in any multi-year reporting period established by subsection (f) of Section 8-104 of this Act, by an amount necessary to limit the estimated average increase in the amounts paid by retail customers in connection with natural gas service to no more than 2% in the applicable multi-year reporting period. The energy savings requirements in subsection (c) of this Section may be reduced by the Commission for the subject plan, if the utility demonstrates by substantial evidence that it is highly unlikely that the requirements could be achieved without exceeding the applicable spending limits in any multi-year reporting period. No later than September 1, 2013, the Commission shall review the limitation on the amount of energy efficiency measures implemented pursuant to this Section and report to the General Assembly, in the report required by subsection (k) of this Section, its findings as to whether that limitation unduly constrains the procurement of energy efficiency measures.

Overall Bill Rate Cap

See Appendix 2. Electric Utility Rate Caps

Additional Relevant Provisions

Not included in presentation

“Bridge” / Transition Period



Electric Utility Transition Period Provisions

8-103(I)(1) The energy efficiency and demand-response plans of electric utilities serving more than 500,000 retail customers in the State that were approved by the Commission on or before the effective date of this amendatory Act of the 99th General Assembly for the period June 1, 2014 through May 31, 2017 shall continue to be in force and effect through December 31, 2017 so that the energy efficiency programs set forth in those plans continue to be offered during the period June 1, 2017 through December 31, 2017. Each such utility is authorized to increase, on a pro rata basis, the energy savings goals and budgets approved in its plan to reflect the additional 7 months of the plan's operation, provided that such increase shall also incorporate reductions to goals and budgets to reflect the proportion of the utility's load attributable to customers who are exempt from this Section under subsection (m) of this Section.

8-103(I)(2) If an electric utility serving more than 500,000 retail customers in the State filed with the Commission, under subsection (f) of this Section, its proposed energy efficiency and demand-response plan for the period June 1, 2017 through May 31, 2020, and the Commission has not yet entered its final order approving such plan on or before the effective date of this amendatory Act of the 99th General Assembly, then the utility shall file a notice of withdrawal with the Commission, following such effective date, to withdraw the proposed energy efficiency and demand-response plan. Upon receipt of such notice, the Commission shall dismiss with prejudice any docket that had been initiated to investigate such plan, and the plan and the record related thereto shall not be the subject of any further hearing, investigation, or proceeding of any kind.



Electric Utility Transition Period Provisions

8-103(l)(3) For those electric utilities that serve more than 500,000 retail customers in the State, this amendatory Act of the 99th General Assembly **preempts and supersedes any orders entered by the Commission that approved such utilities' energy efficiency and demand response plans for the period commencing June 1, 2017 and ending May 31, 2020. Any such orders shall be void, and the provisions of paragraph (1) of this subsection (l) shall apply.**

8-103(m) Notwithstanding anything to the contrary, after May 31, 2017, this Section does not apply to any retail customers of an electric utility that serves more than 3,000,000 retail customers in the State and whose total highest 30 minute demand was more than 10,000 kilowatts, or any retail customers of an electric utility that serves less than 3,000,000 retail customers but more than 500,000 retail customers in the State and whose total highest 15 minute demand was more than 10,000 kilowatts. For purposes of this subsection (m), "retail customer" has the meaning set forth in Section 16-102 of this Act. The criteria for determining whether this subsection (m) is applicable to a retail customer shall be based on the 12 consecutive billing periods prior to the start of the first year of each such multi-year plan.



Gas Utility Transition Period Provisions

8-104(o) Utilities' 3-year energy efficiency plans approved by the Commission on or before the effective date of this amendatory Act of the 99th General Assembly for the period June 1, 2014 through May 31, 2017 shall continue to be in force and effect through December 31, 2017 so that the energy efficiency programs set forth in those plans continue to be offered during the period June 1, 2017 through December 31, 2017. Each utility is authorized to increase, on a pro rata basis, the energy savings goals and budgets approved in its plan to reflect the additional 7 months of the plan's operation.

Miscellaneous Electric Utility Provisions



Electric Utility Plan

Requirements, Building and Appliance Standards, Cost Effectiveness

8-103(B)(g) In submitting proposed plans and funding levels under subsection (f) of this Section to meet the savings goals identified in subsection (b-5) or (b-15) of this Section, as applicable, the utility shall:

- **8-103(B)(g)(1)** Demonstrate that its **proposed energy efficiency measures will achieve the applicable requirements** that are identified in subsection (b-5) or (b-15) of this Section, as modified by subsection (f) of this Section.
- **8-103(B)(g)(2)** Present **specific proposals to implement new building and appliance standards** that have been placed into effect.



Electric Utility Plan

Large Customer Exemptions

8-103(B)(I) For the calendar years covered by a multi-year plan commencing after December 31, 2017, subsections (a) through (j) of this Section **do not apply to any retail customers of an electric utility that serves more than 3,000,000 retail customers in the State and whose total highest 30 minute demand was more than 10,000 kilowatts, or any retail customers of an electric utility that serves less than 3,000,000 retail customers but more than 500,000 retail customers in the State and whose total highest 15 minute demand was more than 10,000 kilowatts.** For purposes of this subsection (I), "retail customer" has the meaning set forth in Section 16-102 of this Act. **A determination of whether this subsection is applicable to a customer shall be made for each multi-year plan beginning after December 31, 2017. The criteria for determining whether this subsection (I) is applicable to a retail customer shall be based on the 12 consecutive billing periods prior to the start of the first year of each such multi-year plan.**

Miscellaneous Gas Utility Provisions



Gas Utility Plan

Requirements, Building and Appliance Standards, Pre-2018 Requirements

8-104(f) Con't In submitting proposed energy efficiency plans and funding levels to meet the savings goals adopted by this Act the utility shall:

- **8-104(f)(1)** Demonstrate that its **proposed energy efficiency measures will achieve the requirements** that are identified in subsection (c) of this Section, as modified by subsection (d) of this Section.
- **8-104(f)(2)** Present **specific proposals to implement new building and appliance standards** that have been placed into effect.
- **8-104(f)(3)** Present **estimates of the total amount paid for gas service expressed on a per therm basis associated with the proposed portfolio of measures designed to meet the requirements** that are identified in subsection (c) of this Section, as modified by subsection (d) of this Section.
- **8-104(f)(4)** For those **multi-year plans that commence prior to January 1, 2018, coordinate with the Department** to present a portfolio of energy efficiency measures proportionate to the share of total annual utility revenues in Illinois from households at or below 150% of the poverty level. Such programs shall be targeted to households with incomes at or below 80% of area median income.



Gas Utility Plan

Gas & Electric Coordination, Reporting and Evaluation

- **8-104(f)(6)** Demonstrate that a **gas utility affiliated with an electric utility that is required to comply with Section 8-103 or 8-103B of this Act has integrated gas and electric efficiency measures into a single program that reduces program or participant costs and appropriately allocates costs to gas and electric ratepayers.** For those multi-year plans that commence prior to January 1, 2018, the Department shall integrate all gas and electric programs it delivers in any such utilities' service territories, unless the Department can show that integration is not feasible or appropriate.
- **8-104(f)(7)** Include a **proposed cost recovery tariff mechanism to fund the proposed energy efficiency measures** and to ensure the recovery of the prudently and reasonably incurred costs of Commission-approved programs.
- **8-104(f)(8)** Provide for **quarterly status reports tracking implementation of and expenditures** for the utility's portfolio of measures and, if applicable, the Department's portfolio of measures, an annual independent review, and a full independent evaluation of the multi-year results of the performance and the cost-effectiveness of the utility's and, if applicable, Department's portfolios of measures and broader net program impacts and, to the extent practical, for adjustment of the measures on a going forward basis as a result of the evaluations. The **resources dedicated to evaluation shall not exceed 3% of portfolio resources in any given multi-year period.**



Gas Utility Plan – Parent Company

- **8-104(h)** Illinois natural gas utilities that are affiliated by virtue of a common parent company may, at the utilities' request, be considered a single natural gas utility for purposes of complying with this Section.



Gas Utility Plan Penalties

8-104(i) If, after 3 years, a gas utility fails to meet the efficiency standard specified in subsection (c) of this Section as modified by subsection (d), then it shall make a contribution to the Low-Income Home Energy Assistance Program. The total liability for failure to meet the goal shall be assessed as follows:

- (1) a large gas utility shall pay \$600,000;
- (2) a medium gas utility shall pay \$400,000; and
- (3) a small gas utility shall pay \$200,000.

For purposes of this Section, (i) a "large gas utility" is a gas utility that on December 31, 2008, served more than 1,500,000 gas customers in Illinois; (ii) a "medium gas utility" is a gas utility that on December 31, 2008, served fewer than 1,500,000, but more than 500,000 gas customers in Illinois; and (iii) a "small gas utility" is a gas utility that on December 31, 2008, served fewer than 500,000 and more than 100,000 gas customers in Illinois. The costs of this contribution may not be recovered from ratepayers.



Gas Utility Plan Penalties, Continued

8-104(i) Con't

If a gas utility fails to meet the efficiency standard specified in subsection (c) of this Section, as modified by subsection (d) of this Section, in any 2 consecutive multi-year planning periods, then the responsibility for implementing the utility's energy efficiency measures shall be transferred to an independent program administrator selected by the Commission. Reasonable and prudent costs incurred by the independent program administrator to meet the efficiency standard specified in subsection (c) of this Section, as modified by subsection (d) of this Section, may be recovered from the customers of the affected gas utilities, other than customers described in subsection (m) of this Section. The utility shall provide the independent program administrator with all information and assistance necessary to perform the program administrator's duties including but not limited to customer, account, and energy usage data, and shall allow the program administrator to include inserts in customer bills. The utility may recover reasonable costs associated with any such assistance.

8-104(j) No utility shall be deemed to have failed to meet the energy efficiency standards to the extent any such failure is due to a failure of the Department.

Cost Recovery

Electric Utility Cost Recovery

8-103(B)(d) Notwithstanding any other provision of law to the contrary, a utility providing approved energy efficiency measures and, if applicable, demand-response measures in the State shall be permitted to recover all reasonable and prudently incurred costs of those measures from all retail customers, except as provided in subsection (l) of this Section, as follows, provided that nothing in this subsection (d) permits the double recovery of such costs from customers:

- **8-103(B)(d)(1)** The utility may recover its costs through an automatic adjustment clause tariff filed with and approved by the Commission. The tariff shall be established outside the context of a general rate case. Each year the Commission shall initiate a review to reconcile any amounts collected with the actual costs and to determine the required adjustment to the annual tariff factor to match annual expenditures. To enable the financing of the incremental capital expenditures, including regulatory assets, for electric utilities that serve less than 3,000,000 retail customers but more than 500,000 retail customers in the State, the utility's actual year-end capital structure that includes a common equity ratio, excluding goodwill, of up to and including 50% of the total capital structure shall be deemed reasonable and used to set rates.
- **8-103(B)(d)(2)** A utility may recover its costs through an energy efficiency formula rate approved by the Commission under a filing under subsections (f) and (g) of this Section, which shall specify the cost components that form the basis of the rate charged to customers with sufficient specificity to operate in a standardized manner and be updated annually with transparent information that reflects the utility's actual costs to be recovered during the applicable rate year, which is the period beginning with the first billing day of January and extending through the last billing day of the following December. The energy efficiency formula rate shall be implemented through a tariff filed with the Commission under subsections (f) and (g) of this Section that is consistent with the provisions of this paragraph (2) and that shall be applicable to all delivery services customers. The Commission shall conduct an investigation of the tariff in a manner consistent with the provisions of this paragraph (2), subsections (f) and (g) of this Section, and the provisions of Article IX of this Act to the extent they do not conflict with this paragraph (2). The energy efficiency formula rate approved by the Commission shall remain in effect at the discretion of the utility and shall do the following:



Electric Utility Cost Recovery

- **8-103(B)(d)(2)(A)** Provide for the recovery of the utility's actual costs incurred under this Section that are prudently incurred and reasonable in amount consistent with Commission practice and law. The sole fact that a cost differs from that incurred in a prior calendar year or that an investment is different from that made in a prior calendar year shall not imply the imprudence or unreasonableness of that cost or investment.
- **8-103(B)(d)(2)(B)** Reflect the utility's actual year-end capital structure for the applicable calendar year, excluding goodwill, subject to a determination of prudence and reasonableness consistent with Commission practice and law. To enable the financing of the incremental capital expenditures, including regulatory assets, for electric utilities that serve less than 3,000,000 retail customers but more than 500,000 retail customers in the State, a participating electric utility's actual year-end capital structure that includes a common equity ratio, excluding goodwill, of up to and including 50% of the total capital structure shall be deemed reasonable and used to set rates.
- **8-103(B)(d)(2)(C)** Include a cost of equity, which shall be calculated as the sum of the following: (i) the average for the applicable calendar year of the monthly average yields of 30-year U.S. Treasury bonds published by the Board of Governors of the Federal Reserve System in its weekly H.15 Statistical Release or successor publication; and (ii) 580 basis points.
- At such time as the Board of Governors of the Federal Reserve System ceases to include the monthly average yields of 30-year U.S. Treasury bonds in its weekly H.15 Statistical Release or successor publication, the monthly average yields of the U.S. Treasury bonds then having the longest duration published by the Board of Governors in its weekly H.15 Statistical Release or successor publication shall instead be used for purposes of this paragraph (2).

Electric Utility Cost Recovery

- **8-103(B)(d)(2)(D)** Permit and set forth protocols, subject to a determination of prudence and reasonableness consistent with Commission practice and law, for the following:
 - (i) recovery of **incentive compensation expense that is based on the achievement of operational metrics, including metrics related to budget controls, outage duration and frequency, safety, customer service, efficiency and productivity, and environmental compliance**; however, this protocol shall not apply if such expense related to costs incurred under this Section is recovered under Article IX or Section 16-108.5 of this Act; incentive compensation expense that is based on net income or an affiliate's earnings per share shall not be recoverable under the energy efficiency formula rate;
 - (ii) recovery of **pension and other post-employment benefits expense, provided that such costs are supported by an actuarial study**; however, this protocol shall not apply if such expense related to costs incurred under this Section is recovered under Article IX or Section 16-108.5 of this Act;
 - (iii) recovery of **existing regulatory assets over the periods previously authorized by the Commission**;
 - (iv) as described in subsection (e), **amortization of costs incurred** under this Section; and
 - (v) **projected, weather normalized billing determinants for the applicable rate year**.

8-103(B)(d)(2)(E) Provide for an annual reconciliation, as described in paragraph (3) of this subsection (d), less any deferred taxes related to the reconciliation, with interest at an annual rate of return equal to the utility's weighted average cost of capital, including a revenue conversion factor calculated to recover or refund all additional income taxes that may be payable or receivable as a result of that return, of the energy efficiency revenue requirement reflected in rates for each calendar year, beginning with the calendar year in which the utility files its energy efficiency formula rate tariff under this paragraph (2), with what the revenue requirement would have been had the actual cost information for the applicable calendar year been available at the filing date.



Gas Utility Cost Recovery

- **8-104(e-10)** A utility providing approved energy efficiency measures in this State shall be permitted to recover costs of those measures through an automatic adjustment clause tariff filed with and approved by the Commission. The tariff shall be established outside the context of a general rate case and shall be applicable to the utility's customers other than the customers described in subsection (m) of this Section. Each year the Commission shall initiate a review to reconcile any amounts collected with the actual costs and to determine the required adjustment to the annual tariff factor to match annual expenditures.

Miscellaneous Notes

Miscellaneous Gas Utility Notes

- **8-104(e)** *applies to programs commencing prior to January 1, 2018, DCEO program funding*
- **8-104(e-15)** *applies to cost recovery for programs commencing prior to January 1, 2018*
- **8-104(k)** Not later than January 1, 2012, the Commission shall develop and solicit public comment on a plan to foster statewide coordination and consistency between statutorily mandated natural gas and electric energy efficiency programs to reduce program or participant costs or to improve program performance. Not later than September 1, 2013, the Commission shall issue a report to the General Assembly containing its findings and recommendations.
- **8-104(m)** *applies to self-directing customers, previously established; 8-104(n) notes provision sunsets after 1/1/2020 (8-104(n) The applicability of this Section to customers described in subsection (m) of this Section is conditioned on the existence of the SDC program. In no event will any provision of this Section apply to such customers after January 1, 2020.)*

Miscellaneous Notes

- **(220 ILCS 5/16-111.5B)**
 - Sec. 16-111.5B. Provisions relating to energy efficiency procurement.
 - *Page 424 line 23*
- **(220 ILCS 5/16-111.7)**
 - Sec. 16-111.7. On-bill financing program; electric utilities.
 - *Page 431 line 11*
- **(220 ILCS 5/16-128A)**
 - Sec. 16-128A. Certification of installers, maintainers, or repairers.
 - *Page 463 line 5*
- **(220 ILCS 5/16-128B new)**
 - Sec. 16-128B. Qualified energy efficiency installers.
 - *Page 472 line 7*

Appendices

1. Solar Provisions
2. Electric Utility Rate Impacts
 - a) Residential
 - b) Commercial

Appendix 1.

Solar Provisions



Solar Provisions

- **1-5(7)** Developing community solar projects in Illinois will help to expand access to renewable energy resources to more Illinois residents.
- **1-5(8)** Developing brownfield solar projects in Illinois will help return blighted or contaminated land to productive use while enhancing public health and the well-being of Illinois residents.
- **1-5(9)** Energy efficiency, demand-response measures, zero emission energy, and renewable energy are resources currently underused in Illinois. These resources should be used, when cost effective, to reduce costs to consumers, improve reliability, and improve environmental quality and public health.



Solar Provisions

Renewable Energy Procurement and Training

The General Assembly therefore finds that it is necessary to create the Illinois Power Agency and that the goals and objectives of that Agency are to accomplish each of the following:

- **1-5(H)** Implement renewable energy procurement and training programs throughout the State to diversify Illinois electricity supply, improve reliability, avoid and reduce pollution, reduce peak demand, and enhance public health and well-being of Illinois residents, including low-income residents.



Illinois Solar For All Program

Procurement, Coordination, Stakeholder Process

Sec. 1-56. Illinois Power Agency Renewable Energy Resources Fund; Illinois Solar for All Program.

1-56(b)(1) The Illinois Power Agency Renewable Energy Resources Fund shall be used to purchase renewable energy credits according to any approved procurement plan developed by the Agency prior to June 1, 2017.

1-56(b)(2) The Illinois Power Agency Renewable Energy Resources Fund shall also be used to create the Illinois Solar for All Program, which shall include incentives for low-income distributed generation and community solar projects, and other associated approved expenditures. The objectives of the Illinois Solar for All Program are to bring photovoltaics to low-income communities in this State in a manner that maximizes the development of new photovoltaic generating facilities, to create a long-term, low-income solar marketplace throughout this State, to integrate, through interaction with stakeholders, with existing energy efficiency initiatives, and to minimize administrative costs. The Agency shall include a description of its proposed approach to the design, administration, implementation and evaluation of the Illinois Solar for All Program, as part of the long-term renewable resources procurement plan authorized by subsection (c) of Section 1-75 of this Act, and the program shall be designed to grow the low-income solar market. The Agency or utility, as applicable, shall purchase renewable energy credits from the (i) photovoltaic distributed renewable energy generation projects and (ii) community solar projects that are procured under procurement processes authorized by the long-term renewable resources procurement plans approved by the Commission.

1-56(b)(2) Con't: The allocation of funds among subparagraphs (A), (B), or (C) of this paragraph (2) may be changed if the Agency or administrator, through delegated authority, determines incentives in subparagraphs (A), (B), or (C) of this paragraph (2) have not been adequately subscribed to fully utilize the Illinois Power Agency Renewable Energy Resources Fund. The determination shall include input through a stakeholder process.



Illinois Solar For All Program

Funding, Low Income

- **1-56(b)(2) Con't:** Contracts that will be paid with funds in the Illinois Power Agency Renewable Energy Resources Fund shall be executed by the Agency. Contracts that will be paid with funds collected by an electric utility shall be executed by the electric utility.
- **1-56(b)(2) Con't:** Contracts under the Illinois Solar for All Program shall include an approach, as set forth in the long-term renewable resources procurement plans, to ensure the wholesale market value of the energy is credited to participating low-income customers or organizations and to ensure tangible economic benefits flow directly to program participants, except in the case of low-income multi-family housing where the low-income customer does not directly pay for energy. Priority shall be given to projects that demonstrate meaningful involvement of low-income community members in designing the initial proposals. Acceptable proposals to implement projects must demonstrate the applicant's ability to conduct initial community outreach, education, and recruitment of low-income participants in the community. Projects must include job training opportunities if available, and shall endeavor to coordinate with the job training programs described in paragraph (1) of subsection (a) of Section 16-108.12 of the Public Utilities Act.



Illinois Solar For All Program

Administration, Evaluation


- **1-56(b)(5)** The Agency shall issue a **request for qualifications for a third-party program administrator or administrators to administer all or a portion of the Illinois Solar for All Program**. The third-party program administrator shall be **chosen through a competitive bid process** based on selection criteria and requirements developed by the Agency, including, but not limited to, **experience in administering low-income energy programs and overseeing statewide clean energy or energy efficiency services**. If the Agency retains a program administrator or administrators to implement all or a portion of the Illinois Solar for All Program, **each administrator shall periodically submit reports to the Agency and Commission** for each program that it administers, at appropriate intervals to be identified by the Agency in its long-term renewable resources procurement plan, provided that the reporting interval is at least quarterly.
- **1-56(b)(6)** The long-term renewable resources procurement plan shall also **provide for an independent evaluation** of the Illinois Solar for All Program. At least every 2 years, the Agency shall select an **independent evaluator to review and report on the Illinois Solar for All Program and the performance of the third-party program administrator** of the Illinois Solar for All Program.

Appendix 2.

Electric Utility Rate impacts

16-108.15 – Residential Rate Impacts

16-108.16 – Commercial Rate Impacts



Residential Rate Impacts

Energy Efficiency Applicability

- **16-108.15(a)** Each electric utility that serves more than 500,000 retail customers in the State shall file with the Commission the reports required by this Section, which shall identify the actual and projected average monthly increases in residential retail customers' electric bills due to future energy investment costs for the applicable period or periods.
- **16-108.15(b)** The average monthly increase calculation shall be comprised of the following components:
 - **16-108.15(b)(1)** Beginning with the 2017 calendar year, the average monthly amount paid by residential retail customers, expressed on a cents-per-kilowatthour basis, to recover future energy investment costs, which include the charges to recover the costs incurred by the utility under the following provisions:
 - (A) **Sections 8-103, Section 8-103B**, and 16-111.5B of this Act, as applicable, and **as such costs may be recovered under Sections 8-103, 8-103B**, 16-111.5B or Section 16-108.5 of this Act;
 - **16-108.15(b)(3)**
 - For an electric utility that serves more than 3,000,000 retail customers in the State, the residential retail customer energy efficiency charges shall be \$2.33 per month for the 2017 calendar year, provided that such charge shall be increased by 4% per year thereafter;
 - for an electric utility that serves more than 500,000 but less than 3,000,000 retail customers in the State, the residential retail customer energy efficiency charges shall be \$3.94 per month for the 2017 calendar year, provided that such charge shall be increased by 4% per year thereafter.
 - Beginning with the 2018 calendar year, this charge shall be equal to the average of the charges applied over a period that commences with the calendar year ending December 31, 2017 and ends with the most recently completed calendar year prior to the calculation or calculations required by this Section.



Residential Rate Impacts

Forecasting and Reporting

- **16-108.15(c)(1)** No later than June 30, 2017, an electric utility subject to this Section shall submit a report to the Commission that sets forth the utility's rolling 10-year projection of the values of each of the components described in paragraphs (1) through (3) of subsection (b) of this Section. No later than February 15, 2018 and every February 15 thereafter until February 15, 2031, each utility shall submit a report to the Commission that identifies the value of the actual charges applied during the immediately preceding calendar year and updates its rolling 10-year projection based on such actual charges provided that, beginning with the February 15, 2021 report and for each report thereafter, the period of time covered by such projection shall not extend beyond December 31, 2030. Each report submitted under this subsection (c) shall calculate the actual average monthly increase in residential retail customers' electric bills due to future energy investment costs during the immediately preceding calendar year and shall also calculate the projected average monthly increase in residential retail customers' electric bills due to such costs over the rolling 10-year period. Such calculations shall be performed by subtracting the sum of paragraph (2) of subsection (b) of this Section from the sum of paragraph (1) of such subsection (b), multiplying such difference by, as applicable, the actual or forecasted average monthly kilowatthour consumption for the residential retail customer class for the applicable period, and subtracting from such product the applicable value identified under paragraph (3) of such subsection (b).
- If the actual or projected average monthly increase for residential retail customers of electric utility that serves more than 3 million retail customers in the State exceeds \$0.25, or the actual or projected average monthly increase for residential retail customers of an electric utility that serves more than 500,000 but less than 3 million retail customers in the State exceeds \$0.35, then the applicable utility shall comply with the provisions of paragraphs (2) through (4) of this subsection (c), as applicable.

Residential Rate Impacts Exceeding Limits

16-108.15(c)(2) If the projected average monthly increase for residential retail customers during a calendar year exceeds the applicable limitation set forth in paragraph (1) of this subsection (c), then the utility shall comply with the following provisions, as applicable:

- (A) If an exceedance is projected during the first four calendar year of the rolling 10-year projection, then the utility shall include in its report submitted under paragraph (1) of this subsection (c) the utility's proposal or proposals to decrease the future energy investment costs described in paragraph (1) of subsection (b) of this Section to ensure that the limitation set forth in such paragraph (1) is not exceeded. The Commission shall, after notice and hearing, enter an order directing the utility to implement one or more proposals, as such proposals may be modified by the Commission. The Commission shall have the authority under this subparagraph (A) to approve modifications to the contracts executed under subsection (d-5) of Section 1-75 of the Illinois Power Agency Act. If the Commission approves modifications to such contracts, then the supplier shall have the option of accepting the modifications or terminating the modified contract or contracts, subject to the termination requirements and notice provisions set forth in item (i) of subparagraph (B) of paragraph (4) of this Section.
- (B) If an exceedance is projected during any calendar year during the last 6 years of the 10-year projection, then the utility shall demonstrate in its report submitted under paragraph (1) of this subsection (c) how the utility will reduce the future energy investment costs described in paragraph (1) of subsection (b) of this Section to ensure that the limitation set forth in such paragraph (1) is not exceeded.

16-108.15(c)(3) If the actual average monthly increase for residential retail customers during a calendar year exceeded the limitation set forth in paragraph (1) of this subsection (c), then the utility shall prepare and file with the Commission, at the time it submits its report under paragraph (1) of this subsection (c), a corrective action plan that identifies how the utility will immediately reduce expenditures so that the utility will be in compliance with such limitation beginning on January 1 of the next calendar year. The Commission shall initiate an investigation to determine the factors that contributed to the actual average monthly increase exceeding such limitation for the applicable calendar year, and shall, after notice and hearing, enter an order approving, or approving with modification, the utility's corrective action plan within 120 days after the utility files such plan. The Commission shall also submit a report to the General Assembly no later than 30 days after it enters such order, and the report shall explain the results of the Commission's investigation and findings and conclusions of its order.



Residential Rate Impacts

Exceeding Limits, Con't

16-108.15(c)(4) If the actual average monthly increase for residential retail customers during a calendar year exceeds the limitation set forth in paragraph (1) of this subsection (c) for two consecutive years, then the utility shall indicate in its report filed under paragraph (1) of this subsection (c) whether the utility will proceed with or terminate the future energy investments described and authorized under subsection (d-5) of the Illinois Power Agency Act and Sections 8-103B and 16-107.6 of this Act. The utility shall be subject to the requirements of subparagraph (A) or (B) of this paragraph (4), as applicable.

- (A) If the utility indicates that it will proceed with the future energy investments, then it shall be subject to the corrective action plan requirements set forth in paragraph (3) of this subsection (c). In addition, the utility must commit to apply a credit to residential retail customers' bills if the actual average monthly increase for such customers exceeds the limitation set forth in paragraph (1) of this subsection (c) for the year in which the utility files its corrective action plan, which credit shall be in an amount that equals the portion by which the increase exceeds such limitation. The Commission shall initiate an investigation to determine the factors that contributed to the actual average monthly increase exceeding such limitation for the applicable calendar year, including an analysis of the factors contributing to the limitation being exceeded for two consecutive years, and shall, after notice and hearing, enter an order approving, or approving with modification, the utility's corrective action plan within 120 days after the utility files such plan. The Commission shall also submit a supplemental report to the General Assembly no later than 30 days after it enters such order, and the report shall explain the results of the Commission's investigation and findings and conclusions of its order.



Residential Rate Impacts

Exceeding Limits, Con't

16-108.15(c)(4)(B) If the utility indicates that it will terminate future energy investments, then the Commission shall, notwithstanding anything to the contrary:

- (i) Order the utility to terminate the contract or contracts executed under subsection (d-5) of Section 1-75 of the Illinois Power Agency Act, pursuant to the contract termination provisions set forth in such subsection (d-5), provided that notice of such termination must be made at least 3 years and 75 days prior to the effective date of such termination. In the event that only a portion of the contracts executed under such subsection (d-5) are terminated for a particular zero emission facility, then the zero emission facility may elect to terminate all of the contracts executed for that facility under such subsection (d-5).
- (ii) Within 30 days after the utility submits its report indicates that it will terminate future energy investments, initiate a proceeding to approve the process for terminating future expenditures under Section 16-107.6 of the Public Utilities Act. The Commission shall, after notice and hearing, enter its order approving such process no later than 120 days after initiating such proceeding.
- (iii) Within 30 days after the utility submits its report indicates that it will terminate future energy investments, initiate a proceeding under Section 8-103B of this Act to reduce the cumulative persisting annual savings goals previously approved by the Commission under such Section to ensure just and reasonable rates. The Commission shall, after notice and hearing, enter its order approving such goal reductions no later than 120 days after initiating such proceeding.
- Notwithstanding the termination of future energy investments pursuant to this subparagraph (B), the utility shall be permitted to continue to recover the costs of such investments that were incurred prior to such termination, including but not limited to all costs that are recovered through regulatory assets created under Sections 8-103B and 16-107.6 of this Act. Nothing in this Section shall limit the utility's ability to fully recover such costs. The utility shall also be permitted to continue to recover the costs of all payments made under contracts executed under subsection (d-5) until the effective date of the contract's termination.



Commercial Rate Impacts

- **16-108.16(a)** Each electric utility that serves more than 500,000 retail customers in the State shall file with the Commission the reports required by this Section, which shall identify the annual average increases due to future energy investment costs for the applicable period or periods in electric bills to commercial and industrial retail customers. For purposes of this Section, "commercial and industrial retail customers" means non-residential retail customers other than those customers who are exempt from subsections (a) through (j) of Section 8-103B of this Act under subsection (l) of Section 8-103B.

Commercial Rate Impacts

16-108.16(b) The increase determination required by subsection (a) of this Section shall be based on a calculation comprised of the following components:

- **16-108.16(b)(1)** Beginning with the 2017 calendar year, the average annual amount paid by commercial and industrial retail customers, expressed on a cents-per-kilowatthour basis, to recover future energy investment costs, which include the charges to recover the costs incurred by the utility under the following provisions:
 - **16-108.16(b)(1)(A)** Sections 8-103, Section 8-103B, and 16-111.5B of this Act, as applicable, and as such costs may be recovered under Sections 8-103, 8-103B, 16-111.5B or Section 16-108.5 of this Act;
 - **16-108.16(b)(1)(B)** subsection (d-5) of Section 1-75 of the Illinois Power Agency Act, as such costs may be recovered under subsection (k) of Section 16-108 of this Act; and
 - **16-108.16(b)(1)(C)** Section 16-107.6 of this Act.

Beginning with the 2018 calendar year, each of the average annual charges calculated in subparagraphs (A) through (C) of this paragraph (1) shall be equal to the average of each such charge applied over a period that commences with the calendar year ending December 31, 2017 and ends with the most recently completed calendar year prior to the calculation or calculations required by this Section.

- **16-108.16(b)(2)** The sum of the following:
 - **16-108.16(b)(2)(A)** annual net energy savings to commercial and industrial retail customers that are attributable to the implementation of voltage optimization measures under Section 8-103B of this Act, expressed on a cents-per-kilowatthour basis, which are estimated energy and capacity benefits for commercial and industrial retail customers minus the measure costs recovered from those customers, divided by the average annual kilowatt-hour consumption of commercial and industrial retail customers; notwithstanding this subparagraph (A), a utility may elect not to include an estimate of net energy savings as described in this subparagraph (A), in which case the value under this subparagraph (A) shall be zero;



Commercial Rate Impacts

- **16-108.16(b)(2)(B)** the average annual cents-per-kilowatt-hour charge applied under Section 8-103 of this Act to commercial and industrial retail customers during calendar year 2016 to recover the costs authorized by such Section; and
- **16-108.16(b)(2)(C)** incremental energy efficiency savings, which shall be calculated by subtracting the value determined in item (ii) of this subparagraph (C) from the value determined in item (i) of this subparagraph and dividing the difference by the value identified in item (iii) of this subparagraph:
 - (i) Total value, in dollars, of the cumulative persisting annual saving achieved from the installation or implementation of all energy efficiency measures for commercial and industrial retail customers under Sections 8-103, 8-103B and 16-111.5 of this Act, net of the cumulative annual percentage savings in kilowatt-hours, if any, calculated under subparagraph (A) of this paragraph (2).
 - (ii) 2016 value, which shall equal the value calculated under item (i) of this subparagraph (C) multiplied by the quotient of (aa) the cumulative persisting annual savings, in kilowatt-hours, achieved from the installation or implementation of all energy efficiency measures for commercial and industrial retail customers under Sections 8-103, 8-103B and 16-111.5B of this Act as of December 31, 2016, divided by (bb) the cumulative persisting annual savings, in kilowatt-hours, from the installation or implementation of all energy efficiency measures for commercial and industrial retail customers under Sections 8-103, 8-103B and 16-111.5 of this Act, net of the cumulative annual percentage savings in kilowatt-hours, if any, calculated under subparagraph (A) of this paragraph (2).
 - (iii) The average annual kilowatt-hour consumption of those commercial and industrial retail customers that installed or implemented energy efficiency measures under energy efficiency programs or plans approved pursuant to Sections 8-103, 8-103B or 16-111.5B of this Act.



Commercial Rate Impacts

Beginning with the 2018 calendar year, each of the values identified in subparagraphs (A) and (C) of this paragraph (2) shall be equal to the average of each such value during a period that commences with the calendar year ending December 31, 2017 and ends with the most recently completed calendar year prior to the calculation or calculations required by this Section.

For purposes of this Section, cumulative persisting annual savings shall have the meaning set forth in Section 8-103B of this Act, and energy efficiency measures shall have the meaning set forth in Section 1-10 of the Illinois Power Agency Act.

16-108.16(c)(1) No later than June 30, 2017, and every June 30 thereafter until June 30, 2027, an electric utility subject to this Section shall submit a report to the Commission that sets forth the utility's 10-year projection of the values of each of the components described in paragraphs (1) and (2) of subsection (b) of this Section. Each utility's report to the Commission shall identify the result of the computation performed under this Section for the immediately preceding calendar year and update its 10-year projection. Such calculations shall be performed by subtracting the sum of paragraph (2) of subsection (b) of this Section from the sum of paragraph (1) of such subsection (b).

- In the event that the actual or projected average annual increase for commercial and industrial retail customers exceeds 1.3% of 8.90 cents-per-kilowatthour, which is the average amount paid per kilowatt-hour for electric service during the year ending December 31, 2015 by Illinois commercial retail customers, as reported to the Edison Electric Institute, then the applicable utility shall comply with the provisions of paragraphs (2) through (4) of this subsection (c), as applicable.

Commercial Rate Impacts

16-108.16(c)(2) In the event that the projected average annual increase for commercial and industrial retail customers during a calendar year exceeds the applicable limitation set forth in paragraph (1) of this subsection (c), then the utility shall comply with the following provisions, as applicable:

- **16-108.16(c)(2)(A)** If an exceedance is projected during the first four calendar years of the 10-year projection, then the utility shall include in its report submitted under paragraph (1) of this subsection (c) the utility's proposal or proposals to decrease the future energy investment costs described in paragraph (1) of subsection (b) of this Section to ensure that the limitation set forth in such paragraph (1) is not exceeded. The Commission shall, after notice and hearing, enter an order directing the utility to implement one or more proposals, as such proposals may be modified by the Commission. The Commission shall have the authority under this subparagraph (A) to approve modifications to the contracts executed under subsection (d-5) of Section 1-75 of the Illinois Power Agency Act. If the Commission approves modifications to such contracts that are in an amount that reduces the quantities to be procured under such contracts by more than 7%, then the supplier shall have the option of accepting the modifications or terminating the modified contract or contracts, subject to the termination requirements and notice provisions set forth in item (i) of subparagraph (B) of paragraph (4) of this Section.
- **16-108.16(c)(2)(B)** If an exceedance is projected during any calendar year during the last 6 years of the 10-year projection, then the utility shall demonstrate in its report submitted under paragraph (1) of this subsection (c) how the utility will reduce the future energy investment costs described in paragraph (1) of subsection (b) of this Section to ensure that the limitation set forth in such paragraph (1) is not exceeded.

16-108.16(c)(3) If the actual average annual increase for commercial and industrial retail customers during a calendar year exceeded the limitation set forth in paragraph (1) of this subsection (c), then the utility shall prepare and file with the Commission, at the time it submits its report under paragraph (1) of this subsection (c), a corrective action plan. The Commission shall initiate an investigation to determine the factors that contributed to the actual average annual increase exceeding such limitation for the applicable calendar year, and shall, after notice and hearing, enter an order approving, or approving with modification, the utility's corrective action plan within 120 days after the utility files such plan. The Commission shall also submit a report to the General Assembly no later than 30 days after it enters such order, and the report shall explain the results of the Commission's investigation and findings and conclusions of its order.

Commercial Rate Impacts

16-108.16(c)(4) If the actual average annual increase for commercial and industrial retail customers during a calendar year exceeds the limitation set forth in paragraph (1) of this subsection (c) for two consecutive years, then the utility shall indicate in its report filed under paragraph (1) of this subsection (c) whether the utility will proceed with or terminate the future energy investments described and authorized under subsection (d-5) of the Illinois Power Agency Act and Sections 8-103B and 16-107.6 of this Act. The utility's election shall be subject to the requirements of subparagraph (A) or (B) of this paragraph (4), as applicable.

- **16-108.16(c)(4)(A)** If the utility elects to proceed with the future energy investments, then it shall be subject to the corrective action plan requirements set forth in paragraph (3) of this subsection (c). In addition, the utility must commit to apply a credit to commercial and industrial retail customers' bills if the actual average annual increase for such customers exceeds the limitation set forth in paragraph (1) of this subsection (c) for the year in which the utility files its corrective action plan, which credit shall be in an amount that equals the portion by which the increase exceeds such limitation. The Commission shall initiate an investigation to determine the factors that contributed to the actual average annual increase exceeding such limitation for the applicable calendar year, including an analysis of the factors contributing to the limitation being exceeded for two consecutive years, and shall, after notice and hearing, enter an order approving, or approving with modification, the utility's corrective action plan within 120 days after the utility files such plan. The Commission shall also submit a supplemental report to the General Assembly no later than 30 days after it enters such order, and the report shall explain the results of the Commission's investigation and findings and conclusions of its order.
- **16-108.16(c)(4)(B)** If the utility elects to terminate future energy investments, then the Commission shall, notwithstanding anything to the contrary:
 - **16-108.16(c)(4)(B)(i)** Order the utility to terminate the contract or contracts executed under subsection (d-5) of Section 1-75 of the Illinois Power Agency Act, pursuant to the contract termination provisions set forth in such subsection (d-5), provided that notice of such termination must be made at least 3 years and 75 days prior to the effective date of such termination. In the event that only a portion of the contracts executed under such subsection (d-5) are terminated for a particular zero emission facility, then the zero emission facility may elect to terminate all of the contracts executed for that facility under such subsection (d-5).



Commercial Rate Impacts

- **16-108.16(c)(4)(B)(ii)** Within 30 days of the utility's report identifying its election to terminate future energy investments, initiate a proceeding to approve the process for terminating future expenditures under Sections 16-107.6 of the Public Utilities Act. The Commission shall, after notice and hearing, enter its order approving such process no later than 120 days after initiating such proceeding.
 - **16-108.16(c)(4)(B)(iii)** Within 30 days of the utility's report identifying its election to terminate future energy investments, initiate a proceeding under Section 8-103B of this Act to reduce the cumulative persisting annual savings goals previously approved by the Commission under such Section to ensure just and reasonable rates. The Commission shall, after notice and hearing, enter its order approving such goal reductions no later than 120 days after initiating such proceeding.
 - Notwithstanding the termination of future energy investments pursuant to this subparagraph (B), the utility shall be permitted to continue to recover the costs of such investments that were incurred prior to such termination, including but not limited to all costs that are recovered through regulatory assets created under Sections 8-103B and 16-107.6 of this Act. Nothing in this Section shall limit the utility's ability to fully recover such costs. The utility shall also be permitted to continue to recover the costs of all payments made under contracts executed under subsection (d-5) until the effective date of the contract's termination.
- 16-108.16(c)(5)** Notwithstanding anything to the contrary, if, under this Section or subsection (m) of Section 16-108 of this Act, modifications to the contracts executed under subsection (d-5) of Section 1-75 of the Illinois Power Agency Act are, in total, in an amount that reduces the quantities to procured under such contracts by more than 10%, then the supplier shall have the option of accepting the modifications or terminating the modified contract or contracts, subject to the termination requirements and notice provisions set forth in item (i) of subparagraph (B) of paragraph (4) of this Section.