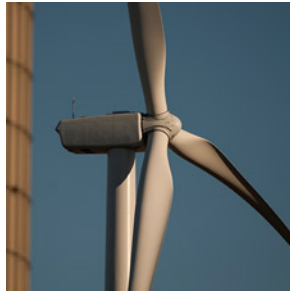


Ameren Illinois

SAG Meeting
2018 Plan Update
March 14, 2017



Ameren Illinois Energy Efficiency Update

Agenda

- **2018 Plan**
- Various Policies
 - Public Housing
 - Adjustable Goal Framework
 - Spend Cap



2018 Plan

As a reminder:

Cumulative persisting and annual incremental goals as identified in the statute are subject to:

- AIC spend cap of approximately \$100 million per year.
- Removal of 10 MW accounts which represent 25% of AIC electric energy deliveries.

PY9 Electric Budget & Actual Savings vs 2018 Plan Targets

	PY9 Electric	Statutory		
	Budget	Spend Cap		
AIC	\$45,659,342			
DCEO	\$15,219,781			
IPA	\$49,271,111			
Total	\$110,150,233	\$96,873,148	-\$13,277,085	-12%

12%
 decrease in
 Budget

 33%
 increase in
 Savings
 Target

	Actual Savings (MWh)	Annual Target (MWh)		
AIC	174,349			
DCEO	29,366			
IPA	128,127			
Total	331,907	442,960	111,053	33%



Budgets - AIC, IPA & DCEO **Old** Plan 4 (Stipulated Agreement)

Electric	PY10 (\$MM)	PY11 (\$MM)	PY12 (\$MM)	Average (\$MM)
Ameren Illinois	\$42.71	\$43.40	\$43.93	\$43.35
DCEO	\$14.24	\$14.47	\$14.64	\$14.45
IPA	\$32.69	\$31.63	\$32.66	\$32.33
Total	\$89.64	\$89.50	\$91.23	\$90.12

Gas				
Ameren Illinois	\$11.18	\$11.13	\$11.26	\$11.19
DCEO	\$3.73	\$3.71	\$3.76	\$3.73
Total	\$14.90	\$14.84	\$15.03	\$14.92

Based on Stipulated Agreements for AIC and DCEO



Budgets - AIC Old Plan 4 (Stipulated Agreement) vs New 2018 Plan Plan Budgets

Electric	PY10 (\$MM)	PY11 (\$MM)	PY12 (\$MM)	Annual (\$MM)
Old Plan 4 *	\$89.64	\$89.50	\$91.23	
New 2018 Plan	\$96.87	\$96.87	\$96.87	\$96.87
Difference	\$7.23	\$7.37	\$5.64	
% Difference	8.1%	8.2%	6.2%	
Gas				
Old Plan 4 *	\$14.90	\$14.84	\$15.03	
New 2018 Plan	\$15.02	\$14.46	\$14.34	\$14.28
Difference	\$0.12	(\$0.38)	(\$0.69)	

* Based on Stipulated Agreements for AIC and DCEO



Savings Targets - AIC, IPA & DCEO Old Plan 4 (Stipulated Agreement)

Average annual savings targets from stipulated agreements were approximately **350,000 MWh**.

Electric	PY10 MWh	PY11 MWh	PY12 MWh	Average MWh
Ameren Illinois*	152,397	151,756	152,574	152,242
DCEO**	44,601	43,913	45,717	44,744
IPA	153,993	148,376	151,732	151,367
Total	350,991	344,045	350,023	348,353

* Included programs for 10MW accounts

** Based on stipulated agreements for DCEO



Savings Targets - Old Plan 4 (Stipulated Agreement) vs New Statutory Target

Annual Incremental

Electric (MWh)	2018	2019	2020	2021
Old Plan 4 Savings Targets	350,991	344,045	350,023	-
2018 Plan Statutory Target	442,960	387,590	415,275	359,905
Difference	91,969	43,545	65,252	-
% Increase in Target	26%	13%	19%	-

DCEO Previous Performance (Savings MWh)			
DCEO Achievements (PY 4, 5, 6)	34,724	28,336	33,497
DCEO Stipulation (Old Plan 4)	44,601	43,913	45,717
Difference	-9,877	-15,577	-12,220
Additional % Shortfall	-2.9%	-4.5%	-3.5%



Savings Targets - Old Plan 4 vs Statutory (Annual Incremental)

Approximately 20% of the Old Plan 4 Target would have come from 10 MW accounts

Previous Savings from 10 MW Accounts (MWh)

AIC 10 MW Accts (PY 5, 6, 7, 8)	77,284	52,376	74,424	76,395
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- Average annual savings (years 5-8) for 10 MW accounts was approximately 70,000 MWhs
- Old Plan 4 annual savings was approximately 350,000/year

$$70,000/350,000 = 20\%$$



Variations with the Statutory Targets

1. Significant swings in annual targeted savings
2. Limited VO potential - only contributes 50,000 MWh in any given year
3. Statutory VO targets increase aggregate annual variations in targets

	2018	2019	2020	2021
Annual Incremental Target	221,600	221,600	221,600	221,600
Savings Requiring Replacement	221,600	166,200	193,900	138,500
Total Savings Required	443,200	387,800	415,500	360,100
% Difference to Previous Year		-12.5%	7.1%	-13.3%
Statutory VO Assumptions	0	47,090	0	44,320
EE Portfolio Targets	443,200	340,710	415,500	315,780
		-102,490	74,790	-99,720
% Difference to Previous Year		-23%	+22%	-24%



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Public Housing: Legislation

- 8-103B(c): A minimum of 7% for electric utilities that serve less than 3,000,000 retail customers 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, schools 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.



Electric Budget Estimate for Public Housing in AIC Service Territory

- 22,837 PHA units, 66 legal entities, Estimated annual usage = 220 GWh
- Public Buildings* in AIC service territory estimated annual usage = 2,325 GWh
- Ratio of Public Housing Usage to Public Sector Usage: $220 / 2325 = 8.6\%$
- If we expand definition of Public Sector currently in the IL EE Policy Manual to include state government, federal government and public universities then the ratio falls to 5.9%
- Annual AIC Budget Approximately \$100 million
 - $(100 \times 7\% \times 8.6\% = \$600K)$
 - $(100 \times 7\% \times 5.9\% = \$400K)$
- Previous DCEO budget for AIC territory public housing was approximately \$784,000

As defined in 8-103B(c): Local government, community college, schools districts, municipal corporations



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The Value of the Adjustable Goal Policy

- The Value of the Adjusted Goal Framework
 - Holds utilities accountable for what is in their control
 - Participation rates
 - Prudent use of funds
 - Does not hold utilities accountable for items outside of their control such as
 - Changing laws and regulations
 - Natural error and variations in TRM and NTG estimates
 - Creates a more cooperative and healthy SAG culture with respect to evaluation planning and evaluation work.
 - Provides framework where all parties are incentivized to finalize unbiased TRM values and net-to-gross estimates
 - Consequences of typical error bands within NTG and TRM create unintended consequences such as:
 - Penalties
 - Incentives
 - Excessive portfolio funding shifts



The Value of the Adjustable Goal Policy

- Avoids increased costs related to
 - Additional consultants
 - Additional company and stakeholder resources focusing on TRM and NTG work
 - New litigation
- Minimizes negative perceptions by policy makers, investors and consumers with regard to contentious energy efficiency dockets
- For AIC, the adjustable goal policy has removed much of the conflict with annual updates to TRM and NTG documents.
 - We have:
 - Generally supported evaluation findings,
 - Maintained strong NTG values,
 - Supported consensus agreements and stipulated filings
 - Avoided litigation.
- With new incentives and penalties dependent on the NTG and TRM estimates, this policy is more critical than ever.



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2018 Plan Budget

Spend Cap Treatment

AIC may establish its planning budget to be 95% of the maximum allowed spend, reserving the difference as contingency funds. The contingency reserve may be proportional to all categories of the planned spend – programs, evaluation, breakthrough equipment/devices, marketing/education and administrative. As a result, these contingency funds will allow:

- 1. Payment of unforeseen end-of-year expenses by category and in aggregate.*
- 2. Continuation of programs, services, marketing and/or evaluation activities that have exhausted available budgets prior the end of the program year.*

It should also be noted that this approach allows AIC to manage to spending targets as outlined in the statute.





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