

**EE SAG Process and Plans:  
2014 and Beyond (EPY7-9; GPY 4-6)  
Ver. 3.0  
*Updated 6/18/2015***

**I. Overview**

This memorandum describes the Illinois Energy Efficiency Stakeholder Advisory Group (“EE SAG” or “SAG”) Process and Plans for 2014 and beyond, covering the Electric Program Years 7-9, and the Gas Program Years 4-6 Plans. The intent of the process guidelines and schedule is to achieve the following:

- **Compliance with Illinois Commerce Commission (ICC) Directives:** The ICC established the EE SAG in Final Orders approving the ComEd and Ameren IL first three year energy efficiency plans (ComEd Final Order, [07-0540 at 32](#); Ameren Final Order, [07-0539 at 24](#)). Subsequently, the ICC directives have identified additional roles and responsibilities for the SAG, which evolve as the EE portfolios evolve. This memo captures ICC directives so that compliance with the directives related to the SAG can be tracked and documented.
- **Clarity:** Clarity for participants, so they know what to expect and can plan accordingly.
- **Collaboration and Inclusiveness:** SAG and TAC meetings are open to all. Participants are welcome to engage consistently or selectively, depending on their interest.
- **Respectful Communications:** Participants are expected to treat others with respect, as evidenced by the tone and substance of their comments.
- **Efficiency:** To make efficient use of time, the required pre-work, purpose and outcome of each topic discussed at the SAG will be identified at the beginning of the SAG meeting, and then documented in the meeting notes. Templates, process maps and timelines will be used to address recurring topics.
- **Consensus Decision-Making:** The SAG does not make use of formal voting. Instead, where a specific decision or action is sought, consensus decision-making will be used to reach agreement. If, after a reasonable period of time, as determined by the facilitator, consensus is not reached, the facilitator will produce a Comparison Exhibit that identifies the issue, different opinions, and the basis for those opinions. Where practicable, the parties supporting each position will be identified.
- **Flexibility:** The SAG schedule and plan is designed to be flexible, and can be modified to address issues and needs as they arise.
- **Build Trust:** SAG meetings are intended to build trust and collaborative working relationships. Parties are encouraged to raise issues and voice concerns when they don't support specific initiatives discussed at the SAG, and also offer constructive approaches and solutions where possible.
- **Advisory:** The SAG is an advisory body, not a decision-making body. It is a forum that allows parties to express different opinions, better understand the opinions of others, and foster collaboration and consensus, where possible and appropriate.
- **Identify and Celebrate IL EE Successes:** The EE SAG website ([www.ilsag.info](http://www.ilsag.info)) and meetings will be used to identify and celebrate successes with the EE portfolios and programs.

This memorandum covers the following topics:

- **II. SAG Process Guidelines**
- **III. Summary of Relevant ICC Directives to SAG**
  - Recurring Topics
  - Additional Topics
  - SAG Directive Priorities – High, Medium, and Low
- **Appendix: Relevant ICC Directives to SAG**

## **II. SAG Process Guidelines**

### **A. EE SAG has two standing groups**

- The EE SAG (“SAG”), and
  - General Meetings will cover Program Administrator quarterly reports, portfolio planning, program planning, fund-shifts, EE Policy Manual, and topics of general interest, as directed by the ICC or requested by SAG members.
- The EE SAG Technical Advisory Committee (“TAC”)
  - These meetings will address the Technical Reference Manual (TRM), EM&V Issues, and other issues of a more technical nature. General SAG attendees will be briefed on topics covered in the Technical Advisory Committee.

### **B. EE SAG Subcommittees (Issue Specific)**

- Subcommittees will be established for necessary issue-specific topics based on ICC directives or SAG requests, and will be open to all SAG participants interested in joining. Subcommittees may be established for the following topics; others will be considered as need arises:
  - Large C&I Pilot Program – *completed*
  - Combined Heat and Power (“CHP”) – *completed*
  - IL EE Policy Manual – *in process*
  - TRC Issues (IPA Final Order Directive to SAG) – *in process*
  - IL EE Successes – *in process*
  - Portfolio Planning Process – *plan in development*
  - Process Improvement Subcommittee (standing) – *plan in development*
  - Other potential Subcommittees:
    - Wasted Energy
    - Smart Devices
- **Facilitation:** Annette or Celia will serve as central point of organization regarding timelines, issues, action items, updates to SAG, etc.
- **Timing:** Majority of meetings will be scheduled on Tuesdays if possible.
- **Subcommittee process (Flowchart):**
  - Flow chart describes general process; will be modified for specific issues as needed.

### **C. EE SAG Participants**

- *SAG Participant:* Attendance and participation open to all interested organizations / companies.

- *TAC Participant*: Attendance and participation open to all interested organizations / companies.
- *Subcommittee Participant*: Attendance and participation open to all interested organizations / companies.

#### **D. Determination of whether Consensus has been reached by the EE SAG:**

- **Consensus Determinations:** For the purposes of the EE SAG, consensus may be determined through one of three ways:
  1. **In-Person or Teleconference:** Consensus may be determined if no objections voiced in a meeting to an issue. The meeting may be in person or on the phone. Determining consensus through lack of objection at a meeting will be used sparingly as it is preferable for parties to see written proposals and have ample time to consider the proposal.
  2. **Review of Written Proposal:** Generally, consensus should be determined through review of a written proposal so parties know what they are agreeing to. “Consensus” will be determined on a particular written proposal based on receiving no objections from any party on that written proposal by a date specified reasonably in advance by the SAG facilitator, but should allow at least one week for review/comment.
  3. **Review of Written Proposal, with Affirmative Written Consent:** For items that are filed at the ICC, written affirmative consent of a written proposal will generally be sought so that it is clear which parties are indicating consent.
- Use of “Comparison Exhibits” in the consensus decision-making process– At times, consensus may not be reached on all issues after a reasonable period of time, as determined by the facilitator. In such cases, the facilitator will prepare a “Comparison Exhibit” delineating the non-consensus items, the different positions and reasons for the different positions, and the parties who support each position.

#### **E. EE SAG Meeting Dates and Times**

- **SAG:** The regularly scheduled EE SAG meetings will generally be held on the 4<sup>th</sup> Tuesday of the month. In general, the three exceptions are the months of March, August, November, and December. There is no meeting scheduled for August. Additional SAG Meetings may be scheduled on Tuesdays as needed. Meeting times will generally be as follows:
  - Afternoon-Only: 1:00-4:30pm
  - All-Day: 10:30am-4:30pm
- **TAC:** Identification of high or medium priority measures for IL-TRM Updates will be established by July 1<sup>st</sup>. Work papers for updates to existing IL-TRM measures will be completed by August 1<sup>st</sup>. Work papers for new IL-TRM measures will be completed by October 1<sup>st</sup>. TAC meetings will be scheduled weekly from October through March from 10:00 – 12:00, the period during which the TRM is updated and the SAG is reviewing/commenting on NTG values. At other times, TAC meetings may be scheduled on an as-needed basis on Tuesdays from 10:00 – 12:00.

#### **F. Meeting Locations**

- SAG: Meetings will be held at the Midwest Energy Efficiency Alliance (MEEA) unless otherwise noted. MEEA is located at 20 North Wacker Drive, Suite 1301 (Lyric Opera Building), Chicago. Meetings will be held in Springfield, as needed. SAG held three meetings in Springfield from June 2014 to May 2015 as required by the SAG Facilitator contract with DCEO. Springfield meeting dates included:
  - July 29<sup>th</sup>, 2014 (Large Group SAG)
  - April 14<sup>th</sup>, 2015 (Policy Manual Subcommittee Meeting)
  - April 21<sup>st</sup>, 2015 (Policy Manual Subcommittee Meeting)
- TAC: Meetings will be held either in-person or via teleconference.
- Subcommittees: Meetings will be held either in-person or via teleconference.

#### **G. Meeting Agendas and Meeting Materials:**

- SAG: Agendas will be circulated five business days in advance of the meeting. Meeting materials will be circulated three business days in advance of the meeting. If materials are not circulated in advance, SAG participants will not be asked to make any decisions or seek consensus on the topic, but may ask questions and state concerns about any issues.
  - **Discussion and feedback:** For items that require SAG discussion and feedback, the topic will be discussed a minimum of two times at the SAG. The first meeting will be educational and will give participants the opportunity to ask clarifying questions. The second meeting will provide an opportunity to identify consensus or non-consensus issues. If consensus cannot be reached, it will be memorialized in a Comparison Exhibit, which will contain: brief description of issue, summary of positions, rationale for positions, parties supporting each position.
  - **Program proposals:** For proposed new programs to be presented to the SAG, presenters must fill out a program template before a meeting date/time is scheduled on the agenda. The program template will be provided to SAG participants and available for download on the SAG website (<http://www.ilsag.info/templates/html>.) Pre-work must be completed in advance of the meeting and distributed to SAG participants. Presentations also must be submitted in advance of the meeting.
  - **Policy/issue proposals:** For proposed policy/issue discussions to be presented to the SAG, presenters must fill out a policy/issue request template before a meeting date/time is scheduled on the agenda. The policy/issue template will be provided to SAG participants and available for download on the SAG website (<http://www.ilsag.info/templates/html>). Policy/issue proposals must be circulated at least five business days in advance of a SAG meeting.
- TAC: Agendas must be circulated 1.5 Business Days in advance due to more detailed review and comment that will be required for meaningful review of these materials. Materials will be circulated before the meeting. If agenda items are submitted to the TRM administrator after the TRM circulates the agenda, the TRM administrator has the discretion about whether to add the agenda item to the upcoming meeting or wait until the next meeting.
- Subcommittees: See individual Subcommittee Process documents (in development).

## H. Meeting Follow-Up

- SAG: For each meeting, a list of meeting attendees (in phone and in person) plus meeting action items from the meeting will be posted on the EE SAG website (<http://www.ilsag.info/meeting-materials.html>). In addition, notes will include topics and issues discussed with enough specificity to afford SAG members the ability to track issues and next steps. Meeting notes will generally not identify positions of individual parties.
- TAC: For each TAC meeting, a list of meeting attendees (on phone and in-person) plus meeting action items from the meeting will be posted on the EE SAG website ([www.ilsag.info](http://www.ilsag.info)). Detailed meeting notes will be kept.
- Subcommittees: See individual Subcommittee Process documents (in development).

## I. EE SAG Website

- The EE SAG website ([www.ilsag.info](http://www.ilsag.info)) will be maintained to include the following items:
  - EE SAG agendas, materials, list of meeting attendees and affiliations, action items.
  - TAC meeting agenda, attendees and affiliations, action items, meeting notes, IL-TRM versions, reference materials.
  - Quarterly reports and annual reports, as made available by utilities/DCEO.
  - Final EM&V Reports.
  - Final NTG values/by year, provided by the evaluators.
  - Open dockets related to EE.
  - Other materials as requested by SAG or TAC participants and approved by the SAG Facilitator.

## J. Meeting Topics

- EE participants may contact EE SAG Facilitator Annette Beitel or Senior Policy Analyst Celia Johnson if they would like topics or speakers added to the agenda.
  - For proposed topics to be presented to the SAG, presenters must fill out a program template or policy/issue template (forthcoming). The program template is available for download on the SAG website. (<http://www.ilsag.info/templates/html>). Please allow one full meeting cycle to add a new topic/speaker to the agenda.
- Contact information:
  - [Annette.Beitel@FutEE.biz](mailto:Annette.Beitel@FutEE.biz) or 847-920-0367
  - [Celia.Johnson@FutEE.biz](mailto:Celia.Johnson@FutEE.biz) or 312-374-0932

## K. Process for Review of EM&V Draft Reports

- Previously, PDF versions of draft EM&V reports for each IL EE program were circulated to all SAG participants either by email (for ComEd programs) or by posting on the SAG website, with 10 business days for review (<http://www.ilsag.info/evaluation-documents.html>).
- Evaluators Navigant and Opinion Dynamics reported in February 2014 they have never received comments on draft reports from SAG participants outside of Staff

and the utilities. Therefore, for efficiency, circulating draft reports to the SAG will be discontinued, effective March 2014.

- For SAG participants who want to continue receiving draft reports, reports will be sent directly to utilities, Staff, and interested participants by the evaluators.
- Draft reports are available for download on the SAG website ([http://www.ilsag.info/draft\\_evaluation\\_reports.html](http://www.ilsag.info/draft_evaluation_reports.html)). Draft reports will be removed from the SAG website upon notice by the evaluator that the report has been finalized.
- Final reports are available for download on the SAG website. (<http://www.ilsag.info/evaluation-documents.html>).

#### L. Recurring Topics

- There are a number of topics that require recurring discussion in the SAG. Going forward, the plan will be to have recurring SAG activities calendared, with pre-established templates/standing information requests, timelines and due dates, clear roles and responsibilities (who is responsible for what), and an understanding of how many times a particular issue can come before the SAG. Recurring activities include:
  1. TRM update process (Starts in early June, ends by March 1. By July 1, high and medium priority measures must be determined. Schedule TAC Tuesday am calls from July through February. Calendared, but can be canceled if needed.)
    - TRM Process improvement discussion.
  2. NTG value discussions (January/February annually)
    - Determine what evaluators need to provide.
    - Two meetings per year to discuss updated values with evaluators/SAG participants.
  3. Quarterly reports – Oct (Q1); Jan (Q2); April (Q3); July (Q4)
    - Utilities/DCEO to provide brief highlights, including successes and issues, on a quarterly basis. Also: What is being done with that information prospectively? What are utilities / DCEO planning on doing with it?
      - Present: Numbers – successes; lessons learned, looking in to future; how adapting, what see coming up.
      - Time: ½ hour per utility / DCEO; 20 minute presentation; 10 minute SAG feedback.
      - Material: Quarterly report plus presentation.
  4. EM&V Planning Process
    - **Presentation on 3-year plans** (EY 7-9; GY 4-6) – plans, resource allocations (per Chris Neme)
      - Timing/opportunity for SAG input
    - **Annual plan on EM&V consistency** – how can EM&V work together on an annual basis to ensure consistency, where appropriate? When could EM&V report to SAG and get input? (This topic has come up multiple times and we need to address)
    - **Annual timing of draft and final EM&V reports**

- When can SAG expect to get draft and final EM&V reports each year (understand may have evaluations that are exceptions to general rule given more extensive data collection or analysis required)?
- Draft EM&V (October – December)
- Final EM&V reports (December – February)

#### **M. Additional Topics for Consideration in 2014 and Beyond**

- TRM TAC Topics:
  - Policy memos
  - Updating measure inputs
  - Total Resource Cost test (TRC) Issues
    - Measure costs
    - Interactive effects
    - Dual baselines
- On-Bill Financing independent evaluation – the first evaluation of measures / programs is coming up soon, anticipated this fall. OBF legislation requires an independent evaluation after 3 years of program operation, and the legislation requires the evaluator to solicit feedback from participants and interested stakeholders. (After programs run for three years; one year for evaluation).
- Multifamily Programs – long-term plan; mass-implementation
- On-Bill Financing Program Updates – Ameren IL, ComEd, Nicor Gas, Peoples Gas-North Shore Gas
- Process efficiency
- Program shifting to IPA: implications
- Ameren’s Moderate Income Program
- Electronic TRM
- Codes Collaborative/CANDI Update
- Smart Grid Advisory Council
  - Mandated by Smart Grid legislation. Subject to Open Meeting Act requirements (agendas public; anyone can participate).
  - Key Purpose is for utilities to present their deployment plans to the group for feedback. Up until now they have not focused on the Smart Devices, but really just on infrastructure update plans and meter deployment.
  - Will coordinate with Gayle Fuiten on a meeting. Utilities will need to be co-presenters.
- Reporting and counting other metrics – in anticipation of 111(d), common counting and reporting for carbon.
- Jobs Benefits / Job reporting:
  - Ensuring job benefits from EE are going proportionate to underrepresented/disabled veteran businesses.
  - “Jobs impact” reported annually by utilities/DCEO, using a common approach.
- Net Economic Benefits – Annual reporting using standardized approach.
- Serving low/moderate income customers.

### III. Summary of Relevant ICC Directives to SAG

#### SAG Directive Priorities

- The following charts show SAG directives organized by priority, including high priority where the Commission has specifically ordered or directed an action that needs to be discussed in 2014; medium priority where the Commission has specifically directed an action that can commence after the first six months of 2014; and low priority where the Commission has encouraged an action, but it is not required.

ICC Directives - High Priority							
Directive Category	Ameren IL	ComEd	DCEO	Nicor Gas	PG-NSG	IPA	Final Order References
IPA - TRC Issues (Jan. 2015; TRC Subcommittee in-process)						x	IPA (p223-227)
NTG Value Updates (Annually in Feb.)	x	X	x	x	x		Ameren (p121-123); ComEd (118-119)
Consistent Statewide NTG Methodologies (Jan. 2015)	x		x	x	x		Ameren (p167-168; p171); DCEO (p18- 19); Nicor (p41-42); PG-NSG (p54-55)
Ameren Large C&I Program (Subcommittee completed; Report-out May 2014)	x	X					Ameren (p74)
ComEd Electric Self Direct Pilot, Large C&I (Subcommittee completed; Report-out April 2014)		X					ComEd (p74-75)
Smart Devices Program (March 2014; follow-up TBD)	x	X					Ameren (p78-79); ComEd (p80-81)
Timing of NTG and TRM (Policy Manual Subcommittee in- process)	x	X		x	x		Ameren (p130-131); ComEd (p80-81); Nicor (p59-60); PG- NSG (p57)
DCEO Natural Gas Self-Direct (May 2014; follow-up May 2015)			x				DCEO (p43)
IL EE Policy Manual (Subcommittee in- process)	x	X	x	x	x		Ameren (p129); ComEd (p130); DCEO (p23); Nicor (p57-58); PG-NSG (p56)
Combined Heat and Power (CHP)		X	x				ComEd (p91-92); DCEO (p33-34)

ICC Directives - High Priority							
Directive Category	Ameren IL	ComEd	DCEO	Nicor Gas	PG-NSG	IPA	Final Order References
<i>(Subcommittee completed; report-out at Feb. 2015 meeting)</i>							

ICC Directives - Medium Priority							
Directive Category	Ameren IL	ComEd	DCEO	Nicor Gas	PG-NSG	IPA	Final Order References
Breakthrough Technologies <i>(Policy Manual Subcommittee in-process; report out to SAG May 2015)</i>	x	x	x				Ameren (p33); ComEd (p136); DCEO (p46-47)
Capture of Waste Energy <i>(Summer/fall 2015)</i>		x					ComEd (p83)
Nicor Wasted Energy Analysis <i>(May 2015)</i>				x	x		Nicor (p73-74);
PG-NSG Wasted Energy Analysis <i>(October 2014)</i>					x		PG-NSG (p64)
On-Bill Financing Programs <i>(Ameren: April 2014; Nicor: Nov. 2014; PG-NSG: Feb. 2015; follow-up for all utilities in Sept. 2015)</i>	x			x	x		Ameren (p85-86); Nicor (p76); PG-NSG (p12)
DCEO Programs - Low Income; Data Center; Market Transformation <i>(Data Centers: July 2014; follow-up Sept. 2015. Programs discussion: Sept. 2015.)</i>			x				DCEO (p34, p37, p40-41, p43)

ICC Directives - Low Priority							
Directive Category	Ameren IL	ComEd	DCEO	Nicor Gas	PG-NSG	IPA	Final Order References
Street Lighting Program <i>(Ameren IL – July 2015)</i>	x						Ameren (p174-175)
Demand Response <i>(Summer 2015)</i>		x					ComEd (p77)

ICC Directives - Low Priority							
Directive Category	Ameren IL	ComEd	DCEO	Nicor Gas	PG-NSG	IPA	Final Order References
Spillover Survey <i>(June 2014 TAC)</i>		x		x	x		ComEd (p101); Nicor Gas (p45); PG-NSG (p46)
Franchise Agreements <i>(Dec. 2014)</i>			x				DCEO (p9-10)
Inconsistent NTG Applications <i>(Policy Manual Subcommittee in-process)</i>			x				DCEO (19-20)

## Appendix: Relevant ICC Directives to SAG

*Pending SAG Action Items/follow-up written in yellow highlight.*

*Meeting tracking notes for completed directives written in green highlight.*

Excerpted Commission Analysis and Conclusions Language:

- **Ameren IL:** pages 11-15
- **ComEd:** pages 15-20
- **DCEO:** pages 21-25
- **Nicor Gas:** pages 26-31
- **Peoples Gas-North Shore Gas:** pages 31-36
- **IPA:** pages 37-40

### **Ameren Final Order (ICC Docket No. 13-0498) – January 28, 2014**

- **Breakthrough Technologies (p33):**
  - Staff initially recommended that the Commission adopt a definition of breakthrough equipment and devices in this proceeding. AIC initially agreed with Staff. NRDC suggests that the Commission should not adopt any such definition at this time. Subsequently, Staff recommended that the Commission order AIC to work with the SAG to identify measures which meet the definition recommended by Staff, and further direct that AIC shall list the measures included in its Plan which meet that criteria in a compliance filing AIC files in this docket within 45 days of the date of the Order in this docket. AIC states it does not object to Staff's request in its Initial Brief to have the Commission order a workshop during which Ameren Illinois and Staff could work with other SAG participants on a clear definition of "breakthrough equipment and devices" that could be applied during Plan 3.
  - Based upon a review of the parties' arguments, the extent to which parties agree is not entirely clear. As a result, the Commission is reluctant to either explicitly or implicitly adopt a definition in this proceeding. Instead, the Commission directs AIC and Staff to conduct a workshop with other SAG participants on a clear definition of breakthrough equipment and devices that could be applied during Plan 3. The Commission believes this result will best accommodate the concerns of AIC, Staff, and NRDC.
  - **SAG Action:** SAG discussed this topic within the Policy Manual Subcommittee. Report-out to SAG will take place at the May monthly meeting.
- **Large C&I Program Proposal (p74):**
  - As a result, the Commission directs AIC to report to the SAG its progress, if any, in developing a large C&I program that attempts to meet the needs of this customer group.
    - **SAG Pre-work:** Ameren IL will discuss with large customers and will report back to SAG on any progress.
    - **SAG Work Product:** Final Program Template with Comparison Exhibit of any non-consensus items
    - **SAG Action:** Report-out discussed at 5/27/14 Large Group SAG meeting.
- **Smart Devices Program (p78-79):**

- The Commission is reluctant to order AIC to spend the entire emerging technologies budget on this initiative, thereby replacing the codes and standards initiative of which AIC is a partner with others. Therefore, the Commission adopts CUB's proposal to spend the remaining emerging technologies budget on the proposed smart devices program. At a minimum, AIC must develop a comprehensive plan for smart devices including potential programs that deploy home devices in conjunction with smart meters. In addition, AIC must discuss its plan with the SAG and report back to the Commission within 6 months.
  - **SAG Pre-Work:** Discuss following with Ameren – How much funding is left in Ameren's emerging technologies budget? When would Ameren like to discuss its plan with SAG? Plans need to be reported back to the Commission by end of July 2014, therefore need to bring this up for discussion early in year if possible. Program template must be filled out prior to scheduling SAG discussion (two discussions).
  - **SAG Action:** Educational presentation by Ameren (Keith Goerss) and ComEd (Jim Eber) at 3/18/2014 Large Group SAG meeting. Follow-up presentation on Smart Devices by ELPC (Curt Volkmann) and CUB (Kristin Munsch) at 6/24/2014 Large Group SAG meeting. Additional follow-up scheduled in November 2015.
- **On Bill Financing (p85-86):**
  - Ameren argues it has already exhausted Commission-approved funding for its OBF program and that OBF is provided for in statutes that are separate from the energy efficiency and demand response statutes, and thus it would be inappropriate to address OBF in this proceeding. AIC also believes Intervenors' recommendations are vague and do not provide sufficient information as to how Ameren's Plan should be modified and any discussion of Ameren's OBF program should occur after the evaluation report has been filed and the legislation has approved continuing the program per the Act.
  - The Commission agrees with the AG that Ameren should evaluate including an OBF program or similar cost-reducing mechanism in its plan. The OBF program has proven highly successful as evidenced by AIC's already having exhausted the minimum funding requirement of \$5 million such that Ameren has discontinued offering OBF. It is clear to the Commission that this program is in high demand and could be an excellent program to achieve further energy efficiency savings. If the OBF program is not included in Ameren's Plan 3, the Company should evaluate including an OBF program or similar cost-reducing mechanism in its Section 16-111.5B plan.
  - Last, to the extent ELPC is suggesting workshops related to OBF, it is not clear what benefit such workshops would provide at this time. The proposal to pursue workshops related to OBF should be rejected at this time.
  - **SAG:** Discussion of on-bill financing, Ameren's program success.
  - **SAG Action:** Presentation by Ameren IL (Keith Goerss) on success of OBF program and next steps at 4/29/2014 Large Group SAG meeting. Ameren IL will petition the Commission for funding to continue offering OBF to customers.
- **NTG Framework (p121-123):**

- Adopts the NTG Framework from Plan 2, with minor modification: "... for purposes of Ameren's Plan 3 the Commission declines to modify the NTG Framework and concludes that the NTG Framework adopted from Plan 2 should be utilized with minor modification. The Commission would encourage the parties to continue discussions regarding a modified framework, taking into account the comments made in this case, that would address the critical challenges resulting from the continued use of the current NTG Framework, while avoiding making the process excessively complicated or burdensome. In order to provide additional certainty, which all parties advocate, prior to March 1 of each year, the independent evaluator will present its proposed NTG values for each program to the SAG. The purpose of this meeting will be for the independent evaluator to present its rationale for each value and provide the SAG, in their advisory role, with an opportunity to question, challenge and suggest modifications to the independent evaluator's values. The independent evaluator will then review this feedback and make the final determination of values to be used for the upcoming year. In all other respects, the NTG Framework adopted in Plan 2 should be utilized."
  - **SAG Pre-Work:** Evaluators provide proposed NTG values with spill-over identified, and rationale for value.
  - **Work Product:** Evaluators to produce final NTG values by March 1<sup>st</sup>, after receiving input from SAG participants.
  - **SAG Action:** Two meetings annually, one for education, the other for SAG feedback and identification of non-consensus items. SAG participants are encouraged to submit feedback to the Evaluators in between SAG meetings in order to promote a more thoughtful discussion of issues at the second SAG meeting.
- **EE Policy Manual (p129):**
  - The Commission believes that the AG's clarified proposal is specific, addresses an inconsistency between utilities in Illinois that may warrant attention, and is reasonable. As a result, to the extent possible, the Commission directs the SAG to complete an Illinois Energy Efficiency Policy Manual to ensure that programs across the state and as delivered by various program administrators can be meaningfully and consistently evaluated.
    - **Pre-Work:** List of proposed topics to include, any existing ICC directives, proposed process and timing for SAG input (prepared by SAG Facilitator).
    - **SAG:** Discuss topics, process, timing, does end product get filed at ICC?
    - **Work Product:** Policy Manual ver. 1.0 with Comparison Exhibit of non-consensus items. Complete by December.
    - **SAG Action:** IL EE Policy Manual Subcommittee in progress. Kick-off meeting held at 6/24/2014 Large Group SAG meeting (led by Karen Lusson, IL AG). First Subcommittee meeting held on 7/15/2014.
- **Consistent Statewide NTG Methodologies (p124-128,160-171):**
  - AIC indicates that it wishes to have the option to renew its contract with the EM&V contractor, and not have to rebid the contract if it so chooses. Staff notes that if the Commission adopts Staff's recommendation to require the Evaluators to use consistent NTG methods that will ultimately be adopted by the

Commission as an attachment to the updated IL-TRM, then Staff has no objection to AIC's request to renew the contract. The Commission finds this request to be reasonable and will therefore approve of AIC's request as conditioned by Staff. (p167-168)

- The Commission also directs Ameren to include Staff in the evaluation plan development, as well as to direct AIC to require its Evaluators to collaborate with the other utilities' Evaluators to reach consensus on the best approaches to assessing NTG in particular markets for both residential and non-residential EE programs. The Commission believes that the conditions requested by Staff are reasonable and will aid in future evaluation of the energy efficiency programs. (p171)

- **Pre-Work:** 1. Evaluators work together to develop proposal to resolve inconsistencies between non-residential NTG methodologies as suggested at Nov. 19, 2013 SAG meeting 2. Evaluators identify similar residential programs and work together to develop proposals for consistent NTG methodologies (may need a presentation to the SAG comparing existing methods first similar to non-residential process).
- **Work Product:** Statewide Net Savings Methodologies compiled as Attachment to the Updated IL-TRM
- **SAG Action:** Evaluators present differences between existing residential NTG ratio methodologies. First discussion took place at the 10/28/2014 Large Group SAG meeting, with Opinion Dynamics (Mary Sutter) presenting the draft NTG methodologies outline. Follow-up discussion took place at the 1/27/2015 Large Group SAG meeting, and two follow-up teleconferences were scheduled. The final NTG Methodologies document was included in IL TRM Version 4.0.

- **Timing of NTG and TRM (p130-131):**

- To free up limited SAG resources for addressing unresolved matters that actually require SAG's attention, Staff recommends the Commission adopt the Evaluators' suggested EM&V schedules for TRM and NTG updates as shown below:
  - TRM Updates
    - July 1st: the TRM Technical Committee informs the evaluators and others which measures are high or medium priority measures, for which work papers need to be prepared.
    - August 1st: updates to existing measure work papers to clarify terms or approaches will be completed.
    - October 1st: completely new work papers for new measures will be completed.
  - NTG Updates
    - November 1st: draft residential NTG estimates will be completed for the program year that ended May 31st.
    - December 1st: draft commercial/industrial NTG estimates will be completed for the program year that ended May 31st.
  - Of the three proposals in the record, the Commission finds Staff's proposal least objectionable and it is hereby adopted for purposes of Ameren's Plan 3.

- **SAG Pre-Work:** Utilities can be on same scheduled for TRM, not necessarily for NTG.
- **Work Product:** Updated TRM and any Comparison Exhibit for filing.
- **SAG Action:** This is a discussion chapter for the IL EE Policy Manual Subcommittee.
- **Street Lighting (p174-175):**
  - The Commission agrees with Ameren that there is insufficient evidence in the record to direct Ameren to implement a tariff in the next year to include LED street lighting. That being said, the Commission does believe that this issue presents intriguing possibilities, and is an issue that should be explored further by Ameren and the SAG.
    - **SAG Pre-Work:** Discuss opportunities with Ameren IL. If a program will begin, utility to fill out a Program Template; two SAG Discussions. At a minimum, schedule an educational presentation.
    - **SAG Action:** Scheduled for July 2015.

### ComEd Final Order (ICC Docket No. 13-0495) – January 28, 2014

- **Program Flexibility (p56):**
  - The Commission agrees that ComEd requires flexibility to effectively manage its portfolio. The Commission urges ComEd to bring any proposed modification to the SAG for discussion, but requires that any modifications that require a 20% budget shift be brought to SAG as well as reported to the Commission.
  - **SAG Pre-Work:** IOUs develop proposed process and template for fund-shifting request.
  - **Work Product:** Proposal for fund-shifting; SAG comments, including areas of non-consensus; ComEd response.
  - **SAG Action:** This is a discussion chapter for the IL EE Policy Manual Subcommittee.
- **Programs – Commission Authority (p65-66):**
  - The Commission finds ComEd’s argument to be incorrect. There is nothing within the statute or the cooperative SAG framework that prohibits the Commission from ordering changes to ComEd’s plan even if further refinement is necessary. Indeed, mid-plan corrections are encouraged and ideas that will improve ComEd’s performance, whether proposed by ComEd or an intervenor, should be brought to SAG. The Commission finds that programs that are eligible for inclusion in ComEd’s energy efficiency program - even if not specifically enumerated in the Plan - may be initiated so long as the plan remains diverse and cost-effective. Indeed, this is consistent with the Company’s request for flexibility.
  - **SAG Action:** This will be addressed on an as-needed basis.
- **Electric Self Direct Pilot Large C&I (p74-75):**
  - The Commission notes that a broad consensus has now developed in support of a modified Large C&I Pilot Program. The same can be said for the proposal to iron out the implementation details in a collaborative process -- this proposal has broad consensus support, and there is no objection from any party to that approach.

Accordingly, the Commission conditionally approves the modified version of ComEd's Large C&I Pilot Program, the framework of which is reflected in ComEd/REACT Joint Ex. 1, and directs SAG to engage in its collaborative process to formulate the implementation details of the program.

- The Commission agrees with the general idea and hopes that it will increase net energy efficiency investment for Large C&I customers. An emphasis on this goal is important and should be SAG's focus when working on the specifics of the pilot. The Commission's goal, which is consistent with the statutory goal, is distinct from REACT's goal of ensuring that its clients' Rider EDA funds are available to them. Indeed, the testimony made clear that these customers are already highly motivated and raises the concern that the pilot be designed to limit free riders. The requirement that 33% of project costs be funded by the customer is a good starting point to limit free-riders, subject to certain exceptions for operational optimization projects and combined gas and electric incentives, as set forth in the pilot framework (ComEd/REACT Joint Ex. 1).
- Because there is a possibility that the final pilot will be different after collaboration at SAG, the Commission orders that the pilot specifics be filed in this docket. After collaboration at SAG, if the final pilot design complies with the following specifications, the pilot can be filed and no further action will be required. The Commission finds that any Large C&I Pilot must: 1) be cost-effective and any measure must pass the TRC, 2) be subject to EM&V, 3) require that customers pay all Rider EDA charges, with 40% supporting the EE plan in general and the remaining available to be refunded back to the participating customer, 4) 33% of project costs must be funded by the customer, 5) projects must be completed within the three year planning period, and 6) unused funds will be returned to the general pool of funds.
- **SAG Pre-Work:** Identify what implementation details need to be worked out, and how long this should take. Program template must be filled out prior to scheduling SAG discussion.
  - The Commission agrees with the general idea and hopes that it will increase net energy efficiency investment for Large C&I customers. An emphasis on this goal is important and should be SAG's focus when working on the specifics of the pilot.
  - Two SAG discussions.
- **Work Product:** Implementation details and final Program design outlined in Large C&I Pilot Program Operations Manual with Comparison Exhibit of non-consensus items.
- **SAG Action:**
  - Presentation by ComEd, discussion of draft Program template as a kick-off to Large C&I Subcommittee (Mike Brandt; Roger Baker, ComEd) at 3/18/2014 Large Group SAG Meeting.
  - Four Large C&I Subcommittee meetings were held, on March 25<sup>th</sup>, April 8<sup>th</sup>, April 15<sup>th</sup>, and April 22<sup>nd</sup>. Result was updated pilot Program template, comparison exhibit, Q&A document.
  - Presentation by ComEd (Steve Baab), including pilot program plans and a report-out at the 4/29/2014 Large Group SAG meeting.

- **Demand Response (p77):**
  - The Commission declines to require that ComEd include a specific demand response program in this Plan. This finding, however, does not preclude discussion at the SAG. Nor does it preclude inclusion of a demand response program mid-plan if a cost effective program is developed.
  - **SAG Action: July 2015.**
- **Smart Devices (p80-81):**
  - Based on ELPC's testimony, the Commission orders ComEd to develop and implement a comprehensive plan, involving manufacturers, retailers, and other third parties, to enable smart devices to interact with ComEd's smart meters and to make it easy for customers to identify and purchase these smart devices. The Company should use funds from the R&D/Emerging Technologies budget to pay for this program. Some funding may also be allocated from Education/Outreach. The Company must seek input from the SAG to further develop this program and report back to the Commission within 6 months from the date of this order. Although the Commission believes this program is best funded with dollars from ComEd's AMI investments in accordance with EIMA, we are cognizant that the next AMI Plan will be filed April 1, which leaves little time for collaboration and program development. Thus, if this program is deemed successful and could benefit from further funding in future years, ComEd is encouraged to include it in its next AMI Plan filing or in its suite of proposed programs for funding by the IPA.
  - **SAG Pre-Work:** How much funding is available in the R&D/Emerging Technologies Budget / Education/Outreach budget for this plan? Plans need to be reported back to the Commission by end of July 2014, therefore need to bring this up for discussion early in 2014. Coordinate discussion with similar discussion that ICC directed that Ameren have.
    - ComEd working with ELPC, will discuss with SAG (two discussions).
    - Two SAG discussions.
  - **SAG Action:** Educational presentation by Ameren (Keith Goerss) and ComEd (Jim Eber) at 3/18/2014 Large Group SAG meeting. Follow-up presentation on Smart Devices by ELPC (Curt Volkmann) and CUB (Kristin Munsch) at 6/24/2014 Large Group SAG meeting. Follow-up discussion scheduled in November 2015.
- **Capture of Waste Energy (p83):**
  - The Commission is confused by ComEd's completion and inclusion of this study but refusal to consider capturing any of the identified opportunities to limit energy consumption. It is clear, however, that this idea is in its infancy and should be addressed through the SAG. The Commission's grant of flexibility allows new programs to be added and budgets shifted, so although the Commission declines to require that this be included now, there is nothing stopping this program from being implemented within the next three years if it complies with the statutory requirements and has worked through the SAG process.
  - **SAG Pre-Work:** ComEd will clarify with ELPC.
  - **SAG Action:** Presentation by ComEd on how the Company is capturing waste energy. July 2015.

- **CHP (p91-92):**
  - The Commission agrees with MCA that a standalone CHP program should be evaluated within the stakeholder advisory group process and that such a stand-alone program might appropriately be incorporated in ComEd's Plan 3 program offerings following that evaluation. Thus, the Commission directs ComEd to initiate a discussion at SAG to evaluate a stand-alone CHP Pilot Program. This does not require a new plan to be filed, but rather is consistent with the Commission's grant of flexibility.
  - The Commission would encourage the Company to undertake this discussion as soon as possible in order to allow sufficient time to implement a CHP Pilot Program in this plan, should SAG find that it would be a beneficial addition to ComEd's energy efficiency offerings. If it requires a budget shift over 20%, then ComEd will need to report that to the Commission.
  - **Work Product:** New Program Template/Comparison Exhibit of Non-Consensus Items.
  - **SAG Pre-Work:** Program template must be filled out prior to scheduling SAG discussion.
  - **SAG Action:** Addressed by CHP Subcommittee; completed. Subcommittee report-out at February 24, 2015 SAG meeting.
- **Spillover (p101):**
  - Staff's proposal to consider a program-wide spillover survey is worthwhile and can be taken to SAG for further development. The survey has the potential to provide a cost-efficient and more accurate measurement for accounting for spillover. The Commission notes that it would benefit all parties to determine the feasibility of such a survey in a timely fashion if the intent is, as Staff suggests, to conduct the first analysis over the course of this Plan 3.
    - **SAG Pre-Work:** ComEd Evaluators produce memo to SAG summarizing feasibility of such a study and if feasible, a draft survey for SAG review.
    - **SAG Work Product:** Document Describing Approach for including spillover, Comparison Exhibit for any non-consensus items.
    - **SAG Action:** Discussion at 6/10/2014 SAG TAC teleconference, led by Opinion Dynamics (Mary Sutter) and Jeff Erickson (Navigator). Follow-up discussion TBD, as needed.
- **NTG Framework (Final Order p118-119; see updated Order on Rehearing below):**
  - The Commission finds that the current NTG framework works well with some minor adjustments. Intervenor's points are well taken that SAG should have a role in determining NTG values. Thus, if consensus can be reached then SAG's decision should be adopted - even if it is different than the evaluator's original proposal. If consensus is not reached, the Commission agrees with ComEd that then the evaluator's NTG should be used.
  - In other words, for the most part, ComEd's proposal is adopted because it is not markedly different from the Plan 2 NTG framework and is an improvement because of the addition of dates. The difference that the Commission is ordering from ComEd's NTG framework is that SAG will review the evaluator's proposed NTG values and if consensus is reached, the SAG value will be used prospectively beginning June 1. Otherwise the evaluator's NTG value as of March

1 will be used going forward beginning June 1. This approach is consistent with SAG's consensus building role, but eliminates the steps in Staff's process that add complexity and might even result in Commission rocket docket. For PY7 SAG should begin immediately to attempt to reach consensus for NTG values.

- The Commission review at the end of Plan 3 to determine compliance with the energy efficiency goals is separate and apart from the independent evaluation required by Section 103(f)(7) of the statute. The Commission hopes that allowing for SAG consensus will result in significantly less litigation.
- **NTG Framework (Order on Rehearing p2-3)** (*Note – this is new language from the Order on Rehearing*):
  - The Commission has considered the proposed language set forth in Joint Rehearing Ex. 1.0, and finds that it is primarily consistent with the procedure we approved for Ameren in Docket 13-0498 regarding the independent evaluator and SAG process for determining NTG values. Adoption of the NTG Framework set out in Joint Rehearing Ex. 1.0 should help ensure that ComEd's deemed NTG values reflect the best estimates of likely future actual NTG values by taking into consideration SAG input, the evaluator's expertise, and the best and most up-to-date information, as requested in the Application. The Commission notes that consistency regarding this particular procedure should increase efficiencies within the SAG by encouraging all parties to negotiate in good faith to reach consensus, and will also avoid the scenario identified in the Application where a stakeholder could force nonconsensus to ensure that a known default NTG value would be applied. Instead, if the SAG cannot reach consensus, this modified procedure will require that the independent evaluator determine the final value based on SAG input, the evaluator's expertise, and the best and most up-to-date information. The Commission appreciates the balanced approach the proposed language provides by retaining the Final Order's risk mitigation policy of prospective-only application of NTG values for ComEd, and further appreciates that the proposed language retains the Final Order's clarity regarding the addition of specific dates. Adoption of the NTG framework set forth in Joint Rehearing Ex. 1.0 is also supported by the record in this docket. See ComEd Ex. 2.0 at 67; AG Ex. 1.0C at 31-32; Staff Ex. 1.1 at 1-2.
  - Accordingly, the Commission directs ComEd, its evaluator, and SAG to comply with the following NTG framework for deeming NTG ratio values:
    - Prior to March 1st of each year, the independent evaluator will present its proposed NTG values for each program to the SAG, intended to represent their best estimates of future actual NTG values likely to occur. The purpose of this meeting will be for the independent evaluator to present its rationale for each value and provide the SAG, in their advisory role, with an opportunity to question, challenge and suggest modifications to the independent evaluator's values.
    - If the SAG reaches consensus regarding an NTG value prior to March 1, then SAG's decision shall be adopted – even if it is different from the evaluator's original proposal. If consensus is not reached, the independent evaluator will then review this feedback and make the final determination of values to be used for the upcoming year taking into account all

comments and discussions, with the intent of making their best estimate of likely future actual NTG values. All NTG values shall only be applied prospectively beginning June 1 of each year.

- **SAG Action:** Schedule two teleconferences to discuss annually (Jan. / Feb.)

- **Policy Manual (p130):**

- It appears to the Commission that Staff's initial objections to the development of an Energy Efficiency Policy Manual were due to the lack of specificity in the AG's proposal. This appears to have been a valid concern. The Commission believes that the AG's clarified proposal is specific, addresses an inconsistency between utilities in Illinois that may warrant attention, and is reasonable. As a result, to the extent possible, the Commission directs the SAG to complete an Illinois Energy Efficiency Policy Manual to ensure that programs across the state and as delivered by various program administrators can be meaningfully and consistently evaluated.

- **SAG Action:** IL EE Policy Manual Subcommittee in progress. Kick-off meeting held at 6/24/2014 Large Group SAG meeting (led by Karen Luson, IL AG). The initial Subcommittee meeting was held on 7/15/2014.

- **Definition of "breakthrough equipment and devices" (p136):**

- The Commission does not see that a definition can be adopted at this time. Staff has proposed a definition, ComEd has proposed an alternate definition and, in Docket 13-0498, Ameren has proposed further discussion concerning Staff's definition through a workshop process before adoption. The Commission believes a consistent definition should be adopted across the state. A statewide definition for "breakthrough equipment and devices" should be addressed at the SAG and it can be presented to the Commission for approval. The Commission directs Staff to conduct a workshop with other SAG participants on a clear definition of breakthrough equipment and devices that could be applied during Plan 3.

- **SAG Action:** SAG discussed this topic within the Policy Manual Subcommittee. Report-out to SAG scheduled for May 11, 2015 meeting.

- **Economically Efficient Potential (p137):**

- ComEd has indicated it is willing to discuss this with SAG, but does not believe the Commission should order it to perform such an analysis at this time. The Commission agrees with ComEd and its suggestion is adopted. It is not clear that Staff's proposal is required by the statute. The Commission shares ComEd's concern regarding the additional cost such a study might require.

- **SAG Action:** N/A. This issue was discussed in June 2014 ICC Staff workshops; SAG participants were invited. Parties reached consensus regarding general language that could be incorporated into a larger scope of work for a potential study related to the economically efficient potential issue.

- The ICC Staff Summary Report is available on SAG website (<http://www.ilsag.info/other.html>).

## DCEO Final Order (ICC Docket No. 13-0499)

- **Franchise Agreements (p9-10):**
  - In addition, the Commission agrees that SAG should discuss how this particular barrier to energy efficiency should be addressed.
  - **SAG Pre-Work:** Two SAG Discussions.
  - **Work Product:** SAG comments documented with DCEO responses.
  - **SAG Action:** Discussed at 12/9/2014 Large Group SAG meeting. ComEd (George Malek), DCEO (David Baker) and Nicor Gas (Jim Jerozal) reported to SAG on basic terms of franchise agreements.
- **NTG/Realization Rates (p19-20):**
  - Inconsistent NTG applications are a problem the Commission recognizes. Specifically for DCEO, consistency throughout the state would be helpful. This is an issue that should be addressed by SAG. As addressed below, the SAG is ideal for resolution of issues like this. Indeed, NRDC has proposed a good methodology for beginning the resolution of this issue: (1) have all the different evaluators in the state work together to reach consensus on the best approaches to assessing NTG in particular markets and (2) examine the evaluation results from multiple years and multiple sources – potentially even including out-of-state studies – to develop deemed NTG assumptions for certain markets.
  - **Work Product:** Develop schedule/process for annual EM&V planning across all administrators.
  - **SAG Action:** EM&V Planning timing and process is included in the Policy Manual Subcommittee.
- **EE Policy Manual and SAG/DCEO Quarterly Reports Required (p23):**
  - Consistent with the advisory role of SAG, the Commission recognizes the difficulties that utilities and DCEO may face in the evaluation process. A consistent set of guidelines in terms of monitoring savings achieved and evaluating programs would be useful and, indeed, the AG says that the primary goal of its proposed policy manual would be to ensure consistency in terms of monitoring savings achieved and evaluating programs. This is particularly evident with the current situation where the utilities and DCEO Program Administrators and their individually selected evaluators play by different evaluation rules. Thus, to the extent possible, the Commission directs the SAG to complete an Illinois Energy Efficiency Policy Manual to ensure that programs across the state and as delivered by various program administrators can be meaningfully and consistently evaluated.
    - DCEO has agreed to Staff's proposal to provide quarterly reports. The Commission agrees that providing quarterly reports to the Commission is reasonable and is consistent with Section 8-104(f)(8) of the Act. Thus, Staff's proposal is adopted. DCEO should file quarterly reports via the Commission's e-docket system in this docket.
    - **SAG Action on Policy Manual:** IL EE Policy Manual Subcommittee in progress. Kick-off meeting held at 6/24/2014 Large Group SAG meeting (led by Karen Lusson, IL AG). The initial Subcommittee meeting was held on 7/15/2014.

- **SAG Action on Quarterly Reports:** Contact DCEO for quarterly reports and post to SAG website.
- **Program Flexibility (p25-26):**
  - Although DCEO would undoubtedly make large budgetary changes only when necessary and appropriate, requiring Commission approval for shifts over 20% is consistent with the statutory framework that EE plans be approved by the Commission. Further, it appears from the record that although DCEO would prefer complete flexibility, the Department was receptive to this recommendation. Thus, the Commission accepts as reasonable the proposed resolution that Commission approval must be requested for budget changes that exceed 20% of a program budget, with the caveat that consultation with the SAG should occur prior to DCEO making significant program changes. The Commission believes that DCEO would benefit from the input of the SAG on such changes as it has a smaller budget and fewer resources than the utilities. The AG's proposal that savings goals be adjusted with large budgetary shifts is not part of the proposed compromise resolution and is not adopted.
    - **SAG Action:** Flexibility addressed as needed. DCEO is required to request Commission approval.
- **Data Center Program (p34):**
  - ELPC recommends that the Commission direct DCEO to initiate a data center program. The Commission notes, however, that data center projects are typically customized projects that would already qualify under DCEO's Public Sector Custom Program, so an investigation is necessary to determine whether a dedicated Data Center Program is warranted. DCEO agreed to update its Energy Efficiency Potential Study within the next six months to include the savings potential for public sector data center projects in Illinois and to present the results to the Stakeholder Advisory Group. At that point, DCEO would determine if a data center program is justified. Staff recommended that the investigation should be utilized to assess what the existing baseline and standard practices are for data centers operating in the public sector in Illinois and address whether it would be cost-effective to implement a dedicated Data Center Program. This approach is reasonable and adopted by the Commission.
    - **SAG Pre-Work:** Program template must be filled out prior to scheduling SAG discussion. Two SAG discussions.
    - **Work Product:** New Program Template/Comparison Exhibit for any Non-Consensus Items.
    - **SAG Action:** Data center program and additional economic potential resulting from data centers to be presented to SAG. First discussion completed at 7/29/2014 Large Group SAG meeting. ERC/UIC (Andrey Gribovich) and DCEO (David Baker) reported on purpose of addendum to potential study and the Data Center Pilot program. Follow-up scheduled for September 2015 SAG meeting.
- **Core and Targeted Programs - Public Sector – WWT – CHP – HINGE (p33-34):**
  - DCEO needs some flexibility to move funds, and, as addressed above, any shift above 20% will be brought to the Commission.

- The Commission agrees that CHP applications should be prioritized by cost effectiveness - highest overall efficiency at least cost. This will maximize the benefits to ratepayers. In response to NRDC, DCEO has agreed to include an evaluation criterion in the competitive solicitation that requires the applicant to explain what they have done within their facility to improve overall energy efficiency. The Commission finds this reasonable. The Commission further agrees that for topping cycle CHP systems, DCEO should only be allowed to claim savings for the portion of the useful thermal output that is actually used.
- Also, the Commission agrees with DCEO that requiring CHP systems to be designed to a minimum efficiency of 75%, as proposed by NRDC, will run the risk of eliminating substantial cost effective savings from potential CHP sites. The Commission finds the compromise proposed by DCEO to be reasonable, i.e., systems that measure system efficiencies equal to or above 75% will qualify for the production incentive of \$0.08/kWh produced, and those that measure system efficiencies below 75% but above the minimum 60% will receive \$0.06/kWh.
- The Commission declines to adopt the AG's recommendation regarding how to calculate the savings from a CHP system. DCEO's method correctly accounts for the fuel that would have been utilized to generate the electricity from the grid being supplied by the CHP system, accounts for the fuel that would have been used to generate the thermal energy recovered from the CHP system, and accounts for the increase in gas utilized at the site by the CHP system.
- As pointed out in Staff's brief on exceptions, the method for evaluating savings from CHP systems should be addressed in the Illinois Statewide Technical Resource Manual ("IL-TRM"). The Commission directs DCEO and its evaluator to work with the other utilities and the SAG to reach agreement on the most appropriate technical method to calculate savings from CHP systems in Illinois and include such methodology in the updated IL-TRM that gets submitted to the Commission for approval. DCEO's methodology is adopted until the IL-TRM process is completed.
  - **SAG:** Request that DCEO share a draft of the solicitation, including prioritization/selection criteria, before it goes out. Discuss the method of calculating savings with TAC/SAG/DCEO/evaluator for TRM, Version 4.0. The current draft TRM (version 3.0) will be finalized before March 1. Two SAG discussions.
  - **Work Product:** List of SAG comments/DCEO responses; CHP Measures in IL TRM Version 4.0.
  - **SAG Action:** Addressed by CHP Subcommittee; completed. Subcommittee report-out at February 24, 2015 SAG meeting.
- **Market Transformation Programs (p37):**
  - The Commission accepts DCEO's proposed Market Transformation programs. The Commission approves spending up to 10 percent of its budget on these programs and additional funds from the three percent set aside for breakthrough equipment and programs, if necessary, to implement programs in conjunction with the utilities under the Illinois Codes Collaborative. Finally, the Commission approves DCEO claiming savings from its Market Transformation programs,

provided that the evaluations are conducted to preclude double counting of savings.

- Also, the Commission agrees with DCEO and rejects the AG's recommendation to incorporate the SEDAC and Energy Performance Contracting programs into its Custom program. The Commission notes with approval the track record of the SEDAC and EPC programs as evidence that they are legitimately standalone programs.
- Finally, the Commission agrees with the AG that DCEO should work with SAG to improve these programs and resolve any issues that remain.
  - **SAG Pre-Work:** Document describing possible program improvements (Q: Who prepares?). Two SAG Discussions
  - **Work Product:** SAG suggestions for improving programs/DCEO responses.
  - **SAG Action:** Scheduled for September SAG meeting.
- **Low Income Programs (p40-41):**
  - In addition, the Commission, while not ordering any changes, directs DCEO to work with SAG and explore whether more customers can be served under the low income program. The Commission finds that although the TRC test need not be met for low income programs, Staff raises a valid argument that ratepayer funds could be utilized more effectively. Specifically the Commission recommends that DCEO evaluate Staff and CUB's suggestion to install less than top-of-the-line energy efficient furnaces when the corresponding energy savings do not warrant doing so. Actions such as this will decrease the cost per customer of DCEO's programs and allow it to reach more low-income households. It is important to the Commission that DCEO have the flexibility to implement efficiency programs in communities where they are much needed, but that those programs are continually improved upon to be as effective as possible at allowing as many members of those communities to benefit from the programs as is achievable.
    - **SAG Pre-Work:** Review low-income programs and whether improvements could be made – consider other jurisdictions for suggestions.
    - **Work Product:** SAG recommendations on low-income programs; DCEO responses.
    - **SAG Action:** Scheduled for September SAG meeting.
- **DCEO Natural Gas Self Direct Program (p43):**
  - The Commission sees that, pursuant to the Act, the Department has the right to audit the information provided in the customer's application and annual reports to ensure continued compliance with the requirements of this subsection. 220 ILCS 5/8-104(m)(3). The annual report contains, among other things, the account balances, the energy efficiency measures undertaken and an estimate of the energy saved by the measure. 220 ILCS 5/8-104(m)(1)(E). There is no question that DCEO should be auditing whether the measures were installed and the energy saved. There is nothing in the statute that would prohibit the use of energy efficiency funds to perform the required audit. In order to eliminate any uncertainty, the Commission orders DCEO to more effectively audit and verify savings from natural gas self-direct customers and the Department is authorized to

use EEPS funds for that purpose. The Commission further orders DCEO to report the verified savings to the Commission and the Stakeholder Advisory Group on an annual basis. In its BOE, DCEO reiterates its request to count the savings from the natural gas self-direct program towards its goal. The Commission declines however to grant this request because the statutory language is clear that these customers are to be excluded for purposes of calculating savings and spending goals. The purpose of the audit is to determine if these customers should be removed from the self-direct program and their funds put back into the general energy efficiency pool.

- **SAG Pre-work:** DCEO proposed audit of gas self-direct programs. SAG input on DCEO-proposed audit.
  - **Work Product:** Final DCEO audit plans, with Comparison Exhibit of any non-consensus items. Schedule time for DCEO to report annually.
  - **SAG Action:** Discussed at 5/27/2014 Large Group SAG meeting (DCEO, David Baker). Follow-up discussed at 5/11/15 SAG meeting (Stefano Galiasso, ERC/UIC).
- **Definition of “breakthrough equipment and devices” (p46-47):**
    - Although DCEO accepts Staff’s definition and has agreed to make a compliance filing to show which technologies meet Staff’s definition, ComEd has proposed an alternate definition in Docket 13-0495 and, in Docket 13-0498, Ameren has proposed further discussion concerning Staff’s definition through a workshop process before adoption. The Commission believes a consistent definition should be adopted across the state and because the utilities are not represented in this proceeding, the Commission declines to adopt Staff’s definition at this time. A statewide definition for “breakthrough equipment and devices” should be addressed at the SAG and it can be presented to the Commission for approval. The Commission directs DCEO and Staff to conduct a workshop with other SAG participants on a clear definition of breakthrough equipment and devices that could be applied during Plan 3.
      - **SAG Action:** This topic is under discussion within the Policy Manual Subcommittee. Status report-out was held at the 5/11/15 Large Group SAG meeting.
- **Economically Efficient Potential (p47):**
    - DCEO has agreed to consider including an analysis of economically efficient potential in its next Potential Study, filed pursuant to Section 8-103A. DCEO has indicated it is willing to discuss this with SAG, but does not believe the Commission should order it to perform such an analysis at this time. The Commission agrees with DCEO and its suggestion is adopted.
      - **SAG Action:** N/A. This issue was discussed in June 2014 ICC Staff workshops; SAG participants were invited. Parties reached consensus regarding general language that could be incorporated into a larger scope of work for a potential study related to the economically efficient potential issue.
        - The ICC Staff Summary Report is available on SAG website (<http://www.ilsag.info/other.html>).

## Nicor Gas Final Order (ICC Docket No. 13-0549) – May 20, 2014

- **Energy Efficiency Measures and Programs (p18):**
  - The Company’s budget is limited and should be carefully allocated to ensure maximum benefits to ratepayers. Further, the Commission notes that the Company does not contemplate being able to achieve the unmodified statutory energy savings goals set forth in Section 8-104(c) of the Act within the budget constraints set forth in Section 8-104(d) of the Act. The Commission wishes to encourage joint program implementation where possible because these joint dual fuel energy efficiency programs provide benefits to consumers by offering both gas and electric energy efficiency measures at the same time, thereby saving costs and reducing customer disruption. The Commission hereby finds that the Company already is jointly implementing programs with ComEd to the extent practicable in order to provide a streamlined approach for customers to participate in programs offering both electric and gas savings energy efficiency measures. The Commission also notes that Section 8-104(k) of the Act encourages statewide coordination and consistency between the gas and electric energy efficiency programs and the Commission’s directive herein should help foster such statewide coordination and consistency. Notwithstanding the estimated shortcoming in savings, the Commission finds that Nicor should continue its BES program and explore ways to make it more cost-effective including expansion. The Commission’s finding here assumes that the results of the pilot support going forward with the program, and the Commission orders Nicor to submit the pilot results to the Commission as soon as possible.
  - The Company is further directed to shift funds from the cost-ineffective tankless water heater measures to the cost-effective joint programs the Company currently implements with ComEd. The Commission declines Staff’s request to require a filing with the Commission to the extent the Company wishes to deviate from the Commission-approved Plan and discontinue offering a program jointly implemented with ComEd. The Commission finds that requiring Commission approval before the Company may make a program change such as this runs counter to the flexibility we grant to Nicor Gas below. One of the conditions of this flexibility is that Nicor discuss with SAG, prior to initiating the change, “any shift in budget that results in a 20% or greater change to any program’s budget, or that eliminates or adds a program.” Docket No. 10-0562 at 43-44. In addition, requiring such Commission approval in a formal proceeding may increase the costs of administering the Company’s portfolio and jeopardize energy savings depending upon the extent of the litigation at issue.
  - Finally, the Commission sees merit in ELPC’s proposal concerning the Business Energy Efficiency Rebates Program. Therefore, the Commission hereby directs Nicor Gas to increase the savings attributable to this program in the Company’s Revised Plan in a manner consistent with ELPC’s recommendation.
  - **SAG Action Item:** Existing reporting practices will continue for program changes and budget shifts.
- **Portfolio Flexibility, Cost-Effectiveness, and Reporting (p38-39):**
  - As an initial matter, the Commission reiterates that Section 8-104(f)(5) of the Act requires a utility’s entire portfolio to be cost-effective in order for the

Commission to approve a Plan, and does not require every single measure or program to be cost-effective. However, it is expected that the Company will not eliminate careful consideration with respect to the addition of cost-ineffective measures during Plan implementation. The Commission recognizes that the addition of cost-ineffective measures reduces net economic benefits for consumers. The Commission notes that the Company is not able to meet the unmodified statutory energy savings goals without exceeding the budget cap and thus it does not make sense for the Company to promote energy efficiency measures that produce negative net benefits for ratepayers. Thus, the Commission finds it reasonable for the Company to include explanations for any necessary cost-ineffective measures in its Revised Plan in its compliance filing. The Commission agrees that reporting to the Commission TRC results for new measures in the Company's quarterly reports is appropriate.

- The Commission recognizes that flexibility in Plan implementation is critical to the success of energy efficiency programs in Illinois. The Commission also recognizes that any grant of flexibility should be followed by transparency and clear policy guidance concerning implementation in order to ensure the fruition of the policy objectives specified in the energy efficiency statute. Therefore, the Commission grants the Company's request for flexibility in implementing its Plan, subject to the same conditions we applied to the Company's grant of flexibility in Docket No. 10-0562 for the Company's first three-year Plan. **Nicor must fully discuss with the SAG, prior to initiating the change, any shift in the budget that results in a 20% or greater change to any program's budget, or that eliminates or adds a program and it cannot shift more than 10% of spending between residential and business sectors without Commission approval.** The Company shall not modify its plans such that it no longer meets the statutory requirements for allocations to the low income and state and local government markets.
- Additionally, the Commission grants the Company's request to continue its existing reporting practices to the SAG involving program changes and budget shifts that were adopted in the Company's first Plan filing, ICC Docket No. 10-0562.
- **SAG Action:** Existing reporting practices will continue for program changes and budget shifts.
- **Evaluation – Consistent IL-NTG Methods (p41-42):**
  - The Commission believes that Staff's recommendations concerning Commission adoption of consistent statewide net-to-gross methodologies ("IL-NTG Methods") for use by the evaluators are reasonable and will aid in future evaluation of the energy efficiency programs. To help ensure the independence of the evaluators, to improve efficiency in the evaluation process, and to ensure programs across the state as delivered by the various program administrators can be meaningfully and consistently evaluated, the Commission hereby adopts Staff's recommendation that consistent IL-NTG Methods be established for use in the evaluations of comparable energy efficiency programs offered by different Illinois program administrators. The Commission notes that Section 8-104(k) of the Act encourages statewide coordination and consistency between the gas and electric

energy efficiency programs and Staff's proposal would help ensure consistency in the evaluation of program performance. The Commission notes that this directive is not to create entirely "new" NTG methodologies for every energy efficiency program, but rather to assess NTG methodologies and survey instruments that have been used to evaluate energy efficiency programs offered in Illinois, and to compile the most justifiable and well-vetted methodologies (or potentially combine certain components from the existing approaches to better represent the most justifiable and well-vetted method consistent with best practices) in an attachment to the Updated IL-TRM that would get submitted to the Commission for approval. The Commission notes that the IL-NTG Methods will be flexible and adaptable to multiple program designs and budgets and tailored to appropriately assess the specifics of each of the program administrators' energy efficiency programs, consistent with standard NTG methodologies adopted in other states that were filed in this proceeding. The Commission agrees with Staff that in the interest of efficiency, the current program evaluators should take the lead in compiling and formalizing standard methodologies for NTG in Illinois taking into consideration SAG input. Because the existing Plan 1 evaluators are under contract with the Company for the evaluation of the program year three energy efficiency programs, it is appropriate for these existing evaluators to work on and complete the compilation of the IL-NTG Methods over the next year. The Commission recognizes that each year considerable time may be spent vetting NTG methodologies for each program evaluation separately for each utility under the existing evaluation plan review practices; adoption of IL-NTG Methods would save on these limited evaluation resources by having a common reference document for the evaluators to use in estimating net savings for Illinois.

- The Commission hereby directs the Company to require its evaluators to collaborate with the other Illinois evaluators and the SAG to use best efforts to reach consensus on the approaches used in assessing NTG in particular markets for both residential and non-residential energy efficiency programs in a manner consistent with the direction described herein.
- The Commission agrees with Staff that Commission consideration and approval of statewide net savings methodologies should be accomplished in conjunction with the existing Commission-approved process for approving statewide gross savings methodologies. Staff's proposal is efficient, reasonable, and would likely reduce litigation costs for all parties by avoiding the need for two separate docketed proceedings. Staff's proposal concerning the establishment of consistent statewide IL-NTG Methods is hereby adopted and the Company is directed to comply with the terms of Staff's proposal and involve the evaluators within one month of the date of this Order.

○ **SAG Action:** Evaluators present differences between existing residential NTG ratio methodologies. First discussion took place at the 10/28/2014 Large Group SAG meeting, with Opinion Dynamics (Mary Sutter) presenting the draft NTG methodologies outline. Follow-up discussion took place at the 1/27/2015 Large Group SAG meeting, and two follow-up teleconferences were scheduled. The final NTG Methodologies document was included in IL TRM Version 4.0.

- **Evaluation – Spillover (p45):**

- The Commission finds that excluding spillover from the NTG calculations might unfairly reduce a program administrator's calculated savings, but because it can be costly to determine spillover, the Commission will not require that it always be included. Thus, the Commission directs evaluators to consider spillover while being mindful of the costs to measure spillover and the likely impacts of such measurements.
- Staff's proposal to consider a portfolio-wide spillover survey is worthwhile and the Company is directed to take it to its evaluators and the SAG for further development and implementation as soon as practical.
- **SAG Action:** Discussed spillover survey during TAC teleconference on 7/15/2014.
- **Evaluation – Modified Illinois Net-To-Gross Framework (p54):**
  - The Commission has frequently noted the importance of consistency among its decisions when addressing issues that span multiple dockets. The revised NTG framework is one such issue. In light of the need for consistency with the Commission's previous decisions in both the Ameren Illinois EEP docket and the ComEd EEP docket, and due to the parties' agreements on certain provisions of the Company's proposal, the Commission adopts the Company's proposed revised NTG framework. Although this NTG framework has a different starting point than the NTG framework adopted in Ameren Illinois' EEP docket, this avoids certain issues that the parties here agree should be rectified, including avoiding retroactive application of NTG values.
  - The Commission notes that the Company revised its proposal to account for certain concerns and recommendations expressed by Staff, the AG, and ELPC in this proceeding. **The Commission agrees with Nicor that the NTG framework allows the independent evaluator, in making its final determination, and the SAG, in its advisory role, to consider prior evaluations and the discussions among the SAG, the specific program designs and expectations about the market, and any other research or information that is available and relevant, as well as the collective input of SAG members and evaluators to use their best professional judgment to formulate the best estimate of future NTG values.**
  - The Commission rejects the NTG framework proposals submitted by the AG, ELPC, and Staff. These proposals conflict with the NTG frameworks approved by the Commission in the Ameren Illinois and ComEd EEP dockets, and impose what has been established to be unreasonable retroactive evaluation risks.
  - **SAG Action:** Harmonizing scheduling among program administrators is under discussion within the Policy Manual Subcommittee.
- **Evaluation – NTG Ratio Values for Program Year 4 (p55-56):**
  - Nicor Gas correctly points out that Staff has proposed an impossible timeline to engage with the independent evaluator and the SAG in defining new PY4 values for inclusion in its compliance filing. Therefore, the Commission directs Nicor Gas to include in its compliance filing the NTG values approved in this Order. In addition, because the March 1 deadline has already come and gone for PY4, Nicor Gas should deem PY4 NTG values using the values approved in this Order.
- **Evaluation – Creation of an Illinois Energy Efficiency Policy Manual (p57-58):**

- The Company is directed to work with its evaluators, Staff, the other Illinois utilities, DCEO, and the SAG to complete an Illinois Energy Efficiency Policy Manual to ensure that programs across the state and as delivered by various program administrators can be meaningfully and consistently evaluated.
- Consistent with our findings in Docket Nos. 13-0495, 13-0498, and 13-0499, the Commission directs the Utilities to work with their evaluators, Staff, the other Illinois utilities, DCEO, and the SAG to complete an Illinois Energy Efficiency Policy Manual to ensure that programs across the state and as delivered by various program administrators can be meaningfully and consistently evaluated.
- **SAG Action:** IL EE Policy Manual Subcommittee in progress. Kick-off meeting held at 6/24/2014 Large Group SAG meeting (led by Karen Lusson, IL AG). The initial Subcommittee meeting took place on 7/15/2014.
- **Evaluation – Alignment of Schedules for NTG and IL-TRM Updates (p 59-60):**
  - The Commission hereby adopts the IL-TRM and NTG schedules set forth in Staff Exhibit 1.2 as follows:
    - IL-TRM Updates
      - July 1st: the TRM Technical Advisory Committee informs the evaluators and others which measures are high or medium priority measures, for which work papers need to be prepared.
      - August 1st: updates to existing measure work papers to clarify terms or approaches will be completed.
      - October 1st: completely new work papers for new measures will be completed.
    - NTG Updates
      - November 1st: draft residential NTG estimates will be completed for the program year that ended May 31st.
      - December 1st: draft commercial/industrial NTG estimates will be completed for the program year that ended May 31st.
  - In order to ensure the SAG has adequate time to review the evaluators’ NTG recommendations before March 1 under the NTG Framework, the Commission directs the Company to require its evaluators to make best efforts to provide the evaluators’ initial recommendations for deeming NTG ratios for the energy efficiency programs **by the end of the first week in January of each year.**
    - **SAG Action item:** To be addressed in EE Policy Manual Subcommittee.
- **Stakeholder Advisory Group (p72):**
  - As an initial matter, the Commission confirms SAG’s role as a purely advisory body, without any decision-making authority. In addition, the Commission understands that SAG has a number of issues to address during implementation of the Company’s Plan. The Commission notes with approval that SAG subcommittees may be an efficient and appropriate solution in order to tackle the number of issues that SAG needs to address over the Plan. The Commission encourages Nicor Gas’ participation in such SAG subcommittees, but finds that an exclusionary SAG subcommittee of Program Administrators is not appropriate. The Commission has always stated that the SAG, including the Technical Advisory Committee (“TAC”), which is a Commission-sanctioned SAG subcommittee, should provide a forum for all interested parties to attend and

participate in energy efficiency discussions in Illinois. While the Commission appreciates Nicor's attempt to foster productivity at the SAG, we decline to pursue Nicor's suggestion.

- **Wasted Energy Analysis (p73-74):**

- ELPC is correct in pointing out that employing a wasted energy study creates the potential to realize significant untapped savings for the Company. The recent ComEd study supports the fact that there is a great opportunity to maximize energy efficiency when behavioral waste is measured along with technology waste. The Company has not produced any evidence to support that a waste study would be too costly to conduct; especially when balanced against the savings it could yield. The Commission notes that these potential savings would ultimately contribute to the Company attaining its overall savings goals as well as provide net savings to the ratepayers. For these reasons, **Nicor is ordered to conduct its own waste energy analysis; and use this study to develop and action plan to present to the SAG for implementation in PY5 and PY6.**

- **SAG Action: Discussion on results was held at the 5/11/15 Large Group SAG meeting.**

- **On Bill Financing (p76):**

- The OBF and other energy efficiency incentives could allow certain customers to afford the costs of upgrades, which in turn may yield an immediate benefit to these customers in the form of energy savings. The OBF is a useful program that has merit to these customers as well as the Company's overall savings goals. **As such, Nicor should discuss the pertinent issues related to implementing On-Bill Financing with the SAG to ensure the Company can incorporate this program in the EEP and maximize customer participation overall.**

- **SAG Action: Nicor provided an OBF update at the 11/18/2014 Large Group SAG meeting. A follow-up discussion is scheduled for the September 29, 2015 Large Group SAG meeting.**

## **Peoples Gas-North Shore Gas Final Order (ICC Docket No. 13-0550) – May 20, 2014**

- **Section 8-104(f)(1) Modified Energy Savings Goals (7-8):**

- The Utilities have demonstrated, as required under 220 ILCS 5/8-104(d), by substantial evidence that the natural gas savings goals under 220 ILCS 5/8-104(c) are highly unlikely to be met without exceeding the applicable spending limits in any 3-year reporting period. The combination of declining funds available for programs in Plan Period 2 relative to Plan Period 1, the increased statutory goals, and the decreased price of natural gas make it unlikely that Peoples Gas or North Shore can achieve their statutory goals.
- Notwithstanding, the Utilities shall make every reasonable effort to be innovative in reevaluating and adjusting each of their savings goals based on the Commission's determinations as to particular programmatic adjustments made in this Order. The Commission recognizes that the modified savings goals may be adjusted downwards based on the adoption of additional programs, including residential and multi-family air sealing programs. As the air sealing program may have reduced savings per dollar spent during Plan Period 2, but will lead to

greater savings for residential customers over those measures' useful life, the Commission considers a downward adjustment in the modified savings goal, to be supported in a compliance plan filing to be appropriate.

- In addition, the Companies, to the extent that the modified savings goals are adjusted by elimination of measures with TRCs less than one, shall reflect such modified savings goals in the compliance plan.
- Finally, in Program Year 4, the Companies shall conduct a wasted energy study as suggested by ELPC. At the conclusion of the wasted energy study, the Companies shall present the results of the wasted energy study to the SAG. To the extent that cost-effective measures and programs are identified and can be reasonably implemented in accordance with the goals of savings, market transformation, and long-lived measures achieving, the Companies shall submit revised modified savings goals in a revised compliance filing for Program Year 5 to the extent that said modified savings goals would be changed by the additional measures and programs.
  - **Background:** PG-NSG is currently in the process of finalizing the RFP/SOW document for this work. Input has been directly solicited from parties that had expressed an interest in this work. Per the final order, the study will be completed within 6 months of receipt of the final order.
  - **SAG Action:** Preliminary results / report-out to SAG discussed at 10/28/2014 Large Group SAG meeting (Steve Kihm, ECW). Final results did not change the preliminary results reported on in October.
- **On Bill Financing and Other Financing Mechanisms (p12):**
  - North Shore/Peoples Gas shall submit additional detail regarding their administrative costs related to the OBF and the level of funding anticipated by the Petitioner as well as how they plan to integrate OBF as a means to reduce program costs overall.
    - **SAG Action:** PG-NSG presented an update on OBF at the February 24<sup>th</sup>, 2015 Large Group SAG meeting. A follow-up discussion is scheduled for the September 29, 2015 Large Group SAG meeting.
- **Section 8-104(g) 3% Cap on Spending on Breakthrough Equipment (p35-36):**
  - The Utilities' statutory savings goals have been substantially modified downward in this Plan as a result of the spending limitation set forth in Section 8-104(d) of Act. Therefore, every dollar spent on "breakthrough equipment and devices" means a dollar that is not spent on efficiency measures that provide for more certain savings benefits. By imposing such limitation on a specific cost category within the statute, the General Assembly intended that such costs be constrained so as to help achieve the policy objectives of the statute, i.e., the reduction of direct and indirect costs to consumers.
  - For these reasons, it is more important than ever that the Utilities comply with the Section 8-104(g) statutory spending limitation. To ensure such compliance, the Commission sees that a definition for "breakthrough equipment and devices" is needed, and believes this question is best addressed by the SAG. There a clear definition with a few examples of the energy efficiency measures and programs that would fall under such definition can be developed and presented to the Commission for approval. Accordingly, the Commission directs the Utilities and

Staff to conduct a workshop with other SAG participants on a clear definition of breakthrough equipment and devices that could be applied during Plan 2. Additionally, the Utilities should include within their reports to the Commission any definition adopted, the measures that fall under the definition, and, if necessary, any modifications to the Plan that the Utilities make to bring the Plan into compliance with Section 8-104(g) of the Act.

- **SAG Action:** SAG discussed within the Policy Manual Subcommittee. Report-out to SAG at May 11, 2015 Large Group SAG meeting.

- **Portfolio Flexibility, Cost-Effectiveness, and Reporting (p42-43):**

- As an initial matter, consistent with the Commission's prior Orders, the Commission reiterates that Section 8-104(f)(5) of the Act requires a utility's entire portfolio to be cost-effective in order for the Commission to approve the Plan, and does not require every single measure or program to be cost-effective. That being said, this principle should not be construed as a pass for NS/PGL to eliminate careful consideration with respect to the addition of cost-ineffective measures during Plan implementation. The Commission recognizes that the addition of cost-ineffective measures may reduce net economic benefits for consumers. Thus, the Commission finds it reasonable for the Companies to include explanations for the cost-ineffective measures in their Plan in their compliance filing. The Commission agrees that reporting to the Commission TRC results for new measures is appropriate.
  - The Commission recognizes that flexibility in Plan implementation is critical to the success of energy efficiency programs in Illinois. The Commission also recognizes that any grant of flexibility should be followed by transparency and clear policy guidance concerning implementation in order to ensure the fruition of the policy objectives specified in the energy efficiency.
  - The Commission finds that there is little need to deviate from their established policy regarding portfolio flexibility. The proposals put forth by the Companies and by Staff are rejected. Instead, the Commission adopts the AG's proposal for flexibility as it conforms with existing Commission policy without giving too much discretion to the Companies. Thus, the Companies should fully discuss with the SAG prior to initiating any changes to portfolio; any shift in the budget that results in a 20% or greater change to any program's budget, or that eliminates or adds a program. Further, the Companies shall not shift more than 10% of spending between residential and C&I sectors without Commission approval. The Companies shall report these modifications to the Commission on a quarterly basis. The Companies shall not modify their plans such that it no longer meets the statutory requirements for allocations to the low income and state and local government markets.
  - Finally, North Shore/Peoples Gas is directed to continue their existing reporting practices to the SAG involving program changes that were adopted in the Companies' first plan filing, ICC Docket No. 10-0564.
  - **SAG Action:** Existing reporting practices will continue for program changes and budget shifts. Language will be address in the EE Policy Manual Subcommittee.
- **Evaluation – Free Ridership and Spillover (p46):**

- Consistent with the decision in Docket 13-0498, the Commission finds that excluding spillover from the NTG calculations might unfairly reduce a program administrator's calculated savings, but because it can be costly to determine spillover, the Commission will not require that it always be included. Thus, the Commission directs evaluators to consider spillover while being mindful of the costs to measure spillover and the likely impacts of such measurements.
- Staff's proposal to consider a portfolio-wide spillover survey is worthwhile and the Companies should take it to their evaluators and the SAG for further development and implementation as soon as practical.
- **SAG Action: Discussed spillover survey during TAC teleconference on 7/15/2014.**
- **Evaluation – Modified Illinois Net-To-Gross Framework (p50-51):**
  - The Companies have indicated that they agree with the AG that consistent with our findings in Docket No. 13-0498 and our decision to revisit our findings in ComEd Docket No. 13-0495 on Rehearing, the Commission finds that adoption of a NTG Framework that ensures that updated NTG values reflect the best estimates of likely future actual NTG values by taking into consideration SAG input, the evaluator's expertise, and the best and most up-to-date information, is consistent with the goal of ensuring cost-effective efficiency programs. The Commission notes that consistency regarding this particular procedure should increase efficiencies within the SAG by encouraging all parties to negotiate in good faith to reach consensus, and will also avoid the scenario identified in the AG Application for Rehearing in Docket No. 13-0495, where a stakeholder could force nonconsensus to ensure that a known default NTG value would be applied. **Instead, if the SAG cannot reach consensus, this modified procedure will require that the independent evaluator determine the final value based on SAG input, the evaluator's expertise, and the best and most up-to-date information.** The Commission appreciates the balanced approach this methodology provides by retaining the Companies' desire to mitigate risk by ensuring prospective-only application of NTG values for NS/PGL. Adoption of the NTG framework set forth in is also supported by the record in this docket.
  - Accordingly, the Commission directs the Companies, their evaluator, and SAG to comply with the following NTG framework for deeming NTG ratio values:
    - Prior to March 1st of each year, the independent evaluator will present their proposed NTG values for each program to the SAG, intended to represent their best estimates of future actual NTG values likely to occur. The purpose of this meeting will be for the independent evaluator to present their rationale for each value and provide the SAG, in their advisory role, with an opportunity to question, challenge and suggest modifications to the independent evaluator's values.
    - **If the SAG reaches consensus regarding an NTG value prior to March 1, then SAG's decision shall be adopted – even if it is different from the evaluator's original proposal.** If consensus is not reached, the independent evaluator will then review this feedback and make the final determination of values to be used for the upcoming year taking into account all comments and discussions, with the intent of making their best

estimate of likely future actual NTG values. All NTG values shall only be applied prospectively beginning June 1 of each year.

- **SAG Action:** Discussed harmonizing scheduling among program administrators within Policy Manual Subcommittee.

- **Evaluation – NTG Ratio Values for Program Year 4 (p52):**

- The Commission finds Staff’s proposal, to which NS/PGL did not object, reasonable and therefore it is adopted. For PY4, SAG, NS/PGL, Staff, and NS/PGL’s evaluators should begin immediately to attempt to reach consensus for NTG values consistent with Staff’s recommendation. However, the Commission acknowledges that depending on the date of the final Order in this proceeding, the information may not be available at the time of the compliance filing. In that circumstance, NS/PGL is directed to provide the information as soon as possible.

- **SAG Action:** Teleconference completed on 6/24/2014.

- **Evaluation – Consistent IL-NTG Methods (p54-55):**

- The Commission agrees with Staff that Commission consideration and approval of statewide net savings methodologies should be accomplished in conjunction with the existing Commission-approved process for approving statewide gross savings methodologies. Staff’s proposal is efficient, reasonable, and would likely reduce litigation costs for all parties by avoiding the need for two separate docketed proceedings. Staff’s proposal concerning the establishment of consistent statewide IL-NTG Methods is hereby adopted and NS/PGL are directed to comply with the terms of Staff’s proposal and involve the evaluators.
- To help ensure the independence of the evaluators, to improve efficiency in the evaluation process, and to ensure programs across the state as delivered by the various program administrators can be meaningfully and consistently evaluated, the Commission hereby adopts Staff’s recommendation that consistent statewide NTG methodologies be established for use in the evaluations of comparable programs offered by different Illinois program administrators. The Commission agrees with Staff that the current program evaluators should take the lead in compiling and formalizing standard methodologies for NTG in Illinois taking into consideration SAG input. Given the existing Plan 1 evaluators are under contract with the utilities for the evaluation of the PY3 energy efficiency programs, which have not yet started, it is appropriate for these existing evaluators to work on the IL-NTG Methods over the next year.
- The Commission hereby directs North Shore/Peoples Gas to require their evaluators to collaborate with the other state evaluators and the SAG to reach consensus on the best and most defensible well-vetted approaches to assessing NTG in particular markets for both residential and non-residential energy efficiency programs in a manner consistent with the direction set forth in Staff Exhibit 1.0.

- **SAG Action:** Evaluators present differences between existing residential NTG ratio methodologies. First discussion took place at the 10/28/2014 Large Group SAG meeting, with Opinion Dynamics (Mary Sutter) presenting the draft NTG methodologies outline. Follow-up discussion took place at the 1/27/2015 Large Group SAG meeting, and two follow-up teleconferences were scheduled. The final NTG Methodologies document was included in IL TRM Version 4.0.

- **Evaluation – Creation of an Illinois Energy Efficiency Policy Manual (p56):**
  - Consistent with our findings in Docket Nos. 13-0495, 13-0498, and 13-0499, the Commission directs the Utilities to work with their evaluators, Staff, the other Illinois utilities, DCEO, and the SAG to complete an Illinois Energy Efficiency Policy Manual to ensure that programs across the state and as delivered by various program administrators can be meaningfully and consistently evaluated.
  - **SAG Action:** IL EE Policy Manual Subcommittee in progress. Kick-off meeting held at 6/24/2014 Large Group SAG meeting (led by Karen Lusson, IL AG). The initial Subcommittee meeting was held on 7/15/2014.
- **Evaluation – Alignment of Schedules for NTG and IL-TRM Updates (p57):**
  - Consistent with our findings in Docket No. 13-0498, the Commission hereby adopts the IL-TRM and NTG schedules set forth in Staff Exhibit 1.2 as follows:
    - IL-TRM Updates
      - July 1st: the TRM Technical Committee informs the evaluators and others which measures are high or medium priority measures, for which work papers need to be prepared.
      - August 1st: updates to existing measure work papers to clarify terms or approaches will be completed.
      - October 1st: completely new work papers for new measures will be completed.
    - NTG Updates
      - November 1st: draft residential NTG estimates will be completed for the program year that ended May 31st.
      - December 1st: draft commercial/industrial NTG estimates will be completed for the program year that ended May 31st.
    - In order to ensure the SAG has adequate time to review the evaluators' NTG recommendations before March 1 under the NTG Framework, the Commission directs the Utilities to require their evaluators to make best efforts to provide the evaluators' initial recommendations for deeming NTG ratios for residential programs by November 1st and for non-residential programs by December 1st.
    - **SAG Action item:** To be addressed in EE Policy Manual Subcommittee.
- **Proposed Studies (p64):**
  - For the reasons stated above, the Commission directs North Shore/Peoples Gas to conduct their own waste study to optimize their savings goals based on the potential untapped savings that could be earned from developing programs addressing behavioral waste. In addition, the Commission directs NS/PGL to submit their waste study and any other potential studies to the SAG for review and feedback on their content.
    - **SAG Action:** PG-NSG presented on preliminary results of Wasted Energy Study at 10/28/14 Large Group SAG meeting (Steve Kihm, ECW). Final results of the study did not change.

## **IPA Final 2014 Procurement Plan (ICC Docket No. 13-0546) – July 22, 2014**

- **Economically Efficient Potential (p147):**
  - Given that specific proposals related to potential studies were raised in CUB's Response to Objections and that additional specific recommendations were raised in Staff's Reply to Responses, the Commission is concerned that the record on these issues is not as complete as it should be, particularly in a proceeding with an expedited schedule. As a result, the Commission believes it would be best if such matters were addressed in workshops before a Commission order on such issues is entered. Therefore, the Commission directs Staff to work with CUB, the AG, and any other interested parties to conduct workshops, as needed, to determine what improvements, if any, can be incorporated into the potential studies, the timing of any filings related thereto, as well as improvements to the RFP process.
    - **SAG Action:** This issue was discussed in June 2014 ICC Staff workshops; SAG participants were invited. Parties reached consensus regarding general language that could be incorporated into a larger scope of work for a potential study related to the economically efficient potential issue.
      - The ICC Staff Summary Report is available on SAG website (<http://www.ilsag.info/other.html>).

## **IPA Final Order (ICC Docket No. 14-0588) – December 17, 2014**

- **Incremental Energy Efficiency (p223-227):**
  - NRDC urges the Commission to require the inclusion of marginal line losses, DRIPE, and NEBs when Illinois utilities perform the TRC test to evaluate energy efficiency programs. Portions of this recommendation are supported by ELPC, CUB/EDF, and the AG. Portions of the recommendations are opposed by ComEd, Ameren, and Staff. ComEd, Ameren, and Staff make economic arguments against the NRDC recommendations and ComEd and Staff make legal arguments against portions of NRDC's recommendations.
  - The IPA believes the best path forward is to conduct workshops that would allow for the proper time and process for considering if any of the proposed TRC changes should be made. While the IPA is sympathetic to NRDC and ELPC's desire for immediate resolution, the IPA believes the record in this proceeding is simply too limited relative to what may be accomplished through more thorough and deliberate consideration. If a workshop does not suffice, the IPA suggests another approach could be for the Commission to open a formal investigation of the TRC methodology, but the IPA does not believe that a formal investigation would be a faster or more efficient way to proceed, and thus continues to recommend a workshop process.
  - Those parties, along with the IPA, also believe it is premature for the Commission to implement NRDC's recommendations because it could impact parties that are not participating in this proceeding. They believe the Commission should refer the issue to workshops conducted either by Staff or the SAG. NRDC and ELPC believe workshops on these issues would not be productive. They claim the issues have been previously raised in such forums and, for the most part, the utilities are not open to considering their positions.

- As an initial matter the Commission notes that it has considered at least some of NRDC's recommendations in previous procurement proceedings and declined to adopt them. A significant problem with procurement proceedings is the expedited schedule combined with a relatively large number of contested issues and parties. This makes it difficult for the Commission to deal with complex economic issues, such as those raised by NRDC. As a result, and because not all potentially affected parties are participating in this proceeding, the Commission must again decline to adopt the NRDC's recommendations. Instead, the Commission finds the IPA's recommendation on these issues to be the most reasonable.
- **The Commission refers the three issues raised by NRDC to be addressed at workshops conducted by the SAG. In the event the SAG is unable to conduct the workshops, for whatever reason, the Commission directs the Staff to conduct the workshops. Among the broader issues to be explored in the workshops, the Commission specifically directs the parties to address why Ameren does not utilize its best estimate of marginal line losses in place of average line losses, which ComEd already utilizes. Additionally, the parties should address the possibly outdated literature relied upon by ComEd in its opposition to the inclusion of DRIPE in the TRC test.** The Commission also finds the AG's arguments regarding the inclusion of DRIPE intriguing. As noted above, procurement proceedings are not the ideal forum for considering complex economic issues and the Commission urges the parties to make serious efforts to reach consensus on at least some of these issues. While the Commission does not wish to open a proceeding for the purpose of addressing possible changes to the TRC test at this time, it may be necessary if the parties are unable to make progress in the workshop forum.
- NRDC also argues that Ameren is overstating its **overhead or administrative costs as used in the TRC test** and notes that ComEd does not use a similar percentage adder when performing the TRC test. Ameren disagrees, while Staff suggests Ameren should not be using any generic adder for all programs as administrative costs are likely to vary by program size type and size. The Commission finds the quality of evidence relating to this issue lacking. No party presented evidence regarding Ameren specific overhead or administrative costs though it is almost certain they exist. To the extent the utilities do not explicitly track this information already, the Commission hereby directs Ameren and ComEd to track administrative costs by program in order to aid in future determinations of appropriate administrative cost assumptions to use in the TRC analysis of the Section 16-111.5B programs. The Commission rejects Staff's suggestions that Ameren should use a value of zero for a cost that almost certainly exists and could probably be estimated with reasonable certainty. **As a result, while the Commission must reject NRDC's recommendations on this issue because they are not supported by the record, the Commission directs the parties to address this issue in the workshops discussed above.**
- According to Staff, the IPA indicates it appreciates that Section 16-111.5B(a)(4) in isolation could be understood to demand a more rigorous evaluation, even justifying the use of evaluative criteria separate from criteria used to evaluate programs under Section 8-103. **Staff says the IPA suggests in the procurement**

**plan that a workshop could also consider if the IPA should develop and perform an independent TRC calculation with distinct inputs and assumptions rather than relying on inputs provided by the utilities. (Staff BOE Attachment A at 222) The Commission agrees that this would be a reasonable topic to address in the workshops discussed above.**

- NRDC recommends that the Commission revise the Plan or otherwise expressly encourage utilities to develop requests for proposals with input from and collaboration with interested stakeholders throughout the process in the review of third party program bids. Ameren adamantly objects claiming such a requirement is unnecessary. In its Response, the IPA supports NRDC's recommendation. ELPC supports NRDC's recommendation and suggests the Commission should direct Ameren to follow the same collaborative bid review approach used by ComEd. Staff supports the ELPC and NRDC recommendations with certain modifications. (Staff BOE Attachment A at 225)
- Staff supports the Commission requiring Ameren to submit a confidential utility and stakeholder bid review document with its energy efficiency assessment similar to the one submitted by ComEd but recommends that such utility and stakeholder bid review documents include more detail concerning the rationale for the competing and duplicative determinations as well as the facts considered by the utilities and stakeholders in making those determinations. Staff says all parties appear to agree that the stakeholder reviewers should have no decision-making authority. (Staff BOE Attachment A at 225)
- The Commission notes that, to some extent, the schedule for the third party bid process is out of the utilities' control and is somewhat sympathetic to Ameren's argument that it attempts to include interested stakeholders to the extent possible. On the other hand, the complaints regarding Ameren's process and openness to input from interested stakeholders, relative to ComEd's is troubling. While the Commission does not believe it necessary to make a change to the Plan under consideration in this proceeding, the Commission directs Ameren to improve its efforts to include interested stakeholders and give their input more serious consideration when reviewing third party program bids in the future. While the Commission does not wish to initiate a formal proceeding to address this issue at this time, it may be necessary if the issue arises in future procurement proceedings.
- Staff objects to the IPA's justification for the recommendations as to which Ameren behavioral program should be included in the plan. Staff's objection has several parts: first, a request to include in the Plan an alternative expression of the total resources cost test expressed as the difference between costs and benefits rather than as a ratio; second, a discussion of the experience of energy savings and cost effectiveness for home energy reports for Ameren and elsewhere in Illinois; and third, a discussion of whether the two Ameren behavioral programs are "competing" or "duplicative."
- The IPA and Ameren do not believe that changes to its Plan are warranted in response to Staff's objections. Ameren states that if both programs were adopted, then the respective programs would be cut in half, assuming either vendor would have an interest in contracting for half of the incentives for which it bid. Ameren

believes the correct path is to not have these programs compete at half budget, with increased administrative costs, but rather to have one program, chosen by the Commission, run at full capacity so that the bid savings can be achieved.

- The IPA believes pragmatic decisions must be made when there are “duplicative” bids and that information will never be perfect, but a determination must be made. The IPA sympathizes with Staff’s concern regarding the implications of not adopting the non-incumbent program with the higher TRC. The IPA says its recommendation between these programs is based on a qualitative consideration of multiple factors. The IPA claims the disconnect between vendor-supplied estimates and evaluated term savings, along with the inherent uncertainty surrounding vendor-supplied values, underscores the weakness of choosing between the two programs on the basis of their TRCs when the input values are not based on the Technical Reference Manual.
- Staff suggests various ways that Ameren and the IPA could work with vendors to refine and coordinate bid responses. The IPA indicates it first saw vendor bid responses as part of Ameren’s July 15 filing, but says it is not opposed to a consideration of a more active and earlier role in the bid screening and evaluation process in future years.
- The Commission appreciates the efforts of Staff relating to incremental energy issues. Ultimately, the Commission agrees with Ameren that the best result is to not have these programs compete at half budget, with increased administrative costs, but rather to have one program run at full capacity so that the bid savings can most likely be achieved. As a result, the Commission rejects Staff’s proposed modifications to the Plan.
- The consensus language from the 2014 Section 16-111.5B energy efficiency workshops was submitted by Ameren to the IPA in Ameren’s energy efficiency assessment required by Section 16-111.5B (now set forth in Appendix B-2 of the Plan) and the IPA filed the consensus language with its Plan with a recommendation that the Commission adopt it. Staff supports Commission adoption of the consensus language from the 2014 Section 16-111.5B energy efficiency workshops as it will increase transparency and certainty for all parties involved with the Section 16-111.5B energy efficiency programs.
- The Commission appreciates the efforts of all parties that worked to reach consensus through the workshops on the complicated Section 16-111.5B energy efficiency issues raised in previous procurement dockets. **The Commission hereby adopts the consensus language from the 2014 Section 16-111.5B energy efficiency workshops in order to increase certainty for all parties involved with the Section 16-111.5B energy efficiency programs.**
- The Commission hereby approves the cost-effective incremental energy efficiency programs recommended by the IPA, except as modified in this conclusion above.
- **SAG Action: Discussed at the January 27, 2015 Large Group SAG meeting. TRC Subcommittee created to address issues; ongoing.**