

Illinois Energy Efficiency Stakeholder Advisory Group
2015 NTG Meetings
January 20th; February 3rd; February 10th

Note:

- Navigant responses to Nicor Gas, PGL/NSG, and ComEd Action Items are indicated in red below.
- Action Items from the February 10, 2015 NTG Meeting #3 are indicated in yellow highlight below.

EE SAG NTG Meeting #1 – January 20th, 2015

Action Items:

ComEd

1. Should upstream programs have multi-year averaging?
 - a. Navigant: Little can be done to impact upstream programs.
 - b. ODC: Through contract re-negotiation with vendors, can significantly impact NTG ratios.
 - c. Ameren IL: May not have three consecutive data points.
 - d. Mary Sutter will follow-up to see if the issue of “averaging” is addressed in the new “EM&V harmonization protocols.”

Ameren IL

1. Should Ameren IL use Nicor/ComEd NTG (.8) for Elementary Ed.

Nicor Gas

1. Res NC: Should Ameren IL value be used instead?
2. Small Biz Efficiency – Review Ameren IL value.
3. Check PY4 values throughout.
4. SEM: Make sure no double-counting of free-riders.

Peoples Gas-North Shore Gas

1. If Nicor’s Targeted Outreach program NTG value changes, PG/NSG should change as is derivative.
2. Should Ameren IL value be used for Small Business DI or Retrofit?

Also: ODC recommendation for NTG to be used for CHP.

NTG Meeting #2 – February 3rd, 2014 and EE SAG NTG Meeting #3 – February 10th, 2014

Action Items:

ComEd

Changes from NTG Tables presented on 1/20:

1. Averaging upstream NTG values – Navigant agreed not to average (BILD, Res Lighting)
2. Spillover for Business Standard, Custom, Small Business – Change from 1/20 table; spillover study completed for Standard, Custom, Small Business. One more spillover analysis is underway, so final spillover values will not be presented until next Tuesday.
 - a. **ACT:** Review final spillover analysis.
 - b. **Navigant response:** The final spillover analysis was completed (among customers receiving an assessment study). The spillover found was too small to make a change in the reported NTG.
3. Fridge/Freezer Recycling Program – Vendor #1 removed.
4. Notations cleaned up.

ACT:

- Five programs have TBDs. Will be presented next Tuesday.
 - **Navigant response:** Done
- Small Business Efficiency – evaluator to consider averaging participant and Trade Ally responses consistent with Nicor Gas approach.
 - **Navigant response:** We are now recommending a NTG based on an average of the PY7 participant free ridership value and the PY4 trade ally value. See the discussion for Nicor Gas below.
- Elementary Ed (School Kits) – evaluator to consider using Ameren IL values (represents multiple evaluations from other jurisdictions).
 - **Navigant response:** See the discussion for Nicor Gas below.
- Pilots – Navigant to add line on NTG values for pilots (use .8 or .85, or any other research that is better).
 - **Navigant response:** Added text.

SAG ACT: ComEd evaluator recommendations will not be posted for 10-day review and comment until after a follow-up NTG call next week, given the number of changes.

2/10 SAG Meeting Follow-Up

- Celia will circulate entire ComEd table for 10-day review and comment.

Ameren IL

Changes from NTG Tables presented on 1/20:

1. Added info for Midstream Lighting.
2. Business CHP – will establish up-front NTG based on project-specific information. Up-front NTG will be applied regardless of when the project is completed.
3. School Kits – updated based on research (average of three similar programs).

4. Add LED value for lighting (Hannah to follow-up and provide).

SAG ACT: Ameren IL NTG recommended values will be posted for 10-day review and comment once LED value is supplied by EM&V.

2/10 SAG Meeting Follow-Up

Two changes in meeting:

- Elementary Ed: Ameren MS NTG value will be removed.
- New Construction: Keep original value for combined (MF/SF program), but if SF alone value is 1.01. Ameren IL is thinking of removing MF from program.

Ten-day review and comment only applies to two new values changed in meeting which will be highlighted in yellow.

Nicor Gas

Open items:

1. Res New Construction – Navigant (Kevin) will review preliminary research to see why preliminary research was not used in lieu of .8 planning placeholder NTG value.

Navigant Response: Navigant did not use the NTG value that came out of our GPY2 research for several reasons. The research was planned and conducted to be preliminary research because it was based on current building practices compared with the 2009 code, and not the 2012 code that was coming into force. We concluded the free-ridership value would not be representative of the more stringent 2012 code. The research was conducted on a small sample of builders – seven – and had a very wide band of uncertainty associated with our preliminary estimate. The GPY2 research did not quantify spillover and market effects in the program that was in its first full year; spillover and market effects have been found elsewhere to be a significant benefit of mature residential new construction programs. Members of the SAG also requested during the February 3 meeting that Navigant re-examine the 0.80 NTG value that has been in use since GPY2. The 0.80 NTG was a planning value assigned to the first full year of the program, based on relevant research available at that time (CPUC NTG=0.80). Navigant examined recent research to assess whether to update our recommendation, given that the program will have been operating for four years in GPY5, and should be creating spillover and market effects. Our secondary research on more mature residential new construction programs (including MA Res NC (NTG=1.18), National Grid RI (NTG=1.0), CPS Energy Savers (NTG=1.0), and Navigant/ODC/Arizona Public Service RNC market effects 2011 IEPEC paper) found that spillover and market effects are a significant component of the NTG value so that NTGRs are commonly 1.0 or higher. We recommend that the GPY5 RNC NTG value be 1.00, with the expectation that spillover and market effects will offset free-ridership.

Residential New Construction Recommended NTG for GPY5: 1.00

2. Small Business Efficiency – Navigant will consider modifying NTG to reflect Trade Ally responses in addition to participant responses (this issue could impact ComEd and PG/NSG as well.)

Navigant Response: The argument that justified capping the evaluated program NTGRs from EPY4/GPY1 research with the values derived solely from TA interviews was predicated on the notion that regardless of what participants' intentions may have been regarding the installation of EE measures, in the absence

of the SBES Program, the “market” (by which we mean the network of TAs that would have been available to them, pre-selected measures in hand, who were willing and able to service the small business sector in Greater Chicago) was too small and underdeveloped to rely upon the participant-based NTGRs.

A key change that has occurred subsequent to EPY4/GPY1 has been the recruitment and training by the utilities and implementer program managers of a stable network of TAs who are focused on small business customers in their work. At the same time, the structure of the SBES program changed from a program that was largely marketed and delivered by the implementers to one that is more trade ally-driven. We believe that in the process, the SBES Program has transformed the market to the point that the previous arguments favoring the TA viewpoint over those of the participants in NTGR research no longer have as much weight.

However, we do not believe that the TA viewpoint should be ignored entirely. Small business participants may not be aware of the full value of the program to them because:

- They place great weight on the value of the program rebate
- There may be a social bias against acknowledging that value
- They may not acknowledge, or be aware of, the value the program brings to them by pre-selecting high-quality equipment, identifying, training and monitoring a group of high-quality contractors who are devoted to pursuing EE work with small business customers
- TAs have a broader understanding of the overall market than customers, especially the typically low incidence of small business customers pursuing EE improvements on their own.

Therefore, we recommend averaging the free-ridership estimate based on participant survey research performed during EPY7 with the free-ridership estimate derived from TA interviews in GPY1, giving equal weight to each. For participant spillover, the EPY7 ComEd result was 2%, the Nicor Gas GPY1 result was 2%, and PGL/NSG GPY1 result was 1%. A value of 2% for participant spillover for all three utilities is reasonable. This results in a hybrid NTGR of 0.93, using the calculation as shown in the table below.

$$NTGR = 1 - FreeRidership + Participant\ Spillover$$

Calculation of Recommended Prospective NTGR

Source	Value	Weight
EPY7 Participant Survey Free-Ridership	0.16	0.5
GPY1 Trade Ally Interviews Free-Ridership	0.02	0.5
Weighted Average Free-Ridership	0.09	
Participant Spillover	0.02	
Recommended NTGR	0.93	

3. Elementary Ed (School Kits) – Navigant will consider whether Ameren IL value more appropriate given that Ameren IL recommendations based on research results from several programs.

Navigant Response: Navigant reviewed the Elementary Ed NTG values proposed for Ameren IL, as well as the sources that were used to develop that estimate. We chose not to use the Ameren MO study for Nicor Gas because that program did not have an education component, and the education component could affect spillover. We concluded the Indiana study for an electric and gas schools program (NIPSCO, final report June 2013) was appropriate to consider even though the spillover was a single value for electric and gas where measures were combined on a Btu basis. We also included our Navigant NTG research on Elementary Ed from Rider 29 (final report September 2011) and GPY1 Nicor Gas (final report July 2013).

Free-ridership was estimated as the average of values from NIPSCO, Rider 29, and GPY1 Nicor Gas. Rider 29 did not estimate spillover; the spillover is the average of results from NIPSCO and GPY1 Nicor Gas.

Showerheads GPY5 NTG: 1.05

Aerators GPY5 NTG: 1.04

Combined GPY5 NTG: 1.05 (weighting: approximately 2/3 of savings are showerheads, 1/3 aerators)

SAG ACT: Nicor Gas NTG recommended values will be posted for 10-day review and comment, except for the three open items above.

2/10 SAG Follow-Up

Ten day review and comment only applies to: Small Business Efficiency, Res New Construction, Elementary Ed.

Peoples Gas-North Shore Gas

Open Item:

1. Small Business Efficiency – Navigant will consider modifying NTG to reflect trade ally responses in addition to participant responses.

Discussed under Nicor Gas

2. Elementary Ed (School Kits)

The GPY5 NTG values for the Peoples Gas and North Shore Gas Elementary Ed programs should match the values used for Nicor Gas.

Showerheads GPY5 NTG: 1.05

Aerators GPY5 NTG: 1.04

Combined GPY5 NTG: 1.05

SAG ACT: PG/NSG table will be posted for ten day review and comment except for one open item above.

2/10 SAG Meeting Follow-Up

Ten day review and comment only applies to Small Business Efficiency and Elementary Ed.

2/10 SAG Meeting Follow-Up – General

- After 10 day review and comment, Evaluators will provide any revised values to Celia. Celia will circulate, and parties can request one more teleconference to discuss changed values within three days.