

IL EE Policy Manual Version 1.0

Exhibit B: Non-Consensus Issues

Policy Manual Section	Non-Consensus Issue	Majority Position and Rationale
<p>1: Glossary</p>	<p>Definition of Breakthrough Equipment and Devices</p>	<p>The Policy Manual defines "Breakthrough Equipment and Devices" with specificity. The Illinois Commerce Commission directed the discussion of a statewide definition for "breakthrough equipment and devices" at the SAG in the following dockets: 13-0498 (page 33); 13-0495 (page 136); 13-0499 (pages 46-47); and 13-0550 (pages 35-36). The Policy Manual Subcommittee crafted a very detailed definition of what constitutes a "Breakthrough Equipment and Device" such that Program Administrators have clear and sufficient guidance to determine what is or is not a Breakthrough Equipment and Device. Program Administrators have the discretion to interpret and apply the definition set forth in the Policy Manual. Furthermore, through the Quarterly Reporting requirements set forth in Section 6.3 of the Policy Manual, Program Administrators will be keeping stakeholders informed about technologies that are selected for review and also technologies that are demonstrated successful (See Section 6.5.iii and Section 6.5.iii.a.). The quarterly report requirements will give interested stakeholders adequate opportunities to review and comment on the Program Administrator's application of the term "Breakthrough Equipment and Devices."</p>
<p>2: Overview and Guiding Principles</p>	<p>Section 2.2, Goals</p>	<p>The intent of the Policy Manual is to establish clear and consistent policies that apply to all Illinois energy efficiency Program Administrators and others involved in the implementation of programs. The majority of participants support the goals listed in section 2.2. The goals of the Policy Manual are to:</p> <ul style="list-style-type: none"> • Achieve consistent policies for utility ratepayer funded Energy Efficiency Programs; • Reduce litigation before the Commission; • Reduce Program Administrator risk for disallowance; • Provide clarity and certainty for Program Administrators and other parties; and • Create a policy framework that supports the delivery of Cost-Effective Energy Efficiency Portfolios, pursuant to Section 8-103, 8-104 and Cost-Effective Programs pursuant to Section 16-111.5B of the Act. <p>The goal of "reducing disallowance risk" is a central, important function of the Policy Manual from the utilities' perspective, and has been a stated, key goal for the Policy Manual development from the very beginning of the Policy Manual Subcommittee process. The Policy Manual creates clear and consistent rules so that Program Administrators and Program Implementers have clarity and certainty when designing and implementing programs.</p>
<p>5: Cost Categories</p>	<p>5.4, Inducements</p>	<p>At the conclusion of Policy Manual Subcommittee Version 1.0 discussions, consensus was reached by the majority of participants concerning the exclusion of alcohol and sporting tickets as inducements for ratepayer-funded energy efficiency programs.</p>

<p>6: Program Administration and Reporting</p>	<p>6.2, Adjustable Savings Goals</p>	<p>This section allows savings goal adjustments for IL-TRM values annually, and based on NTG values at the start of the first Plan year of an approved Section 8-103, 8-104 or 16-111.5B program. Several additional topics related to Adjustable Savings Goals will be discussed during the development of Policy Manual Version 2.0, including:</p> <p>1. Program Administrators Will Use Common Template for Adjusting Goals to Ensure Clarity and Consistency in Adjustable Goals Process: Interested participants will discuss a common template for adjusting goals across Program Administrators in a small group during Version 2.0 Policy Manual discussions so that the goals adjustment is addressed consistently and clearly across all administrators.</p> <p>2. Extensive Additional Reporting Contained in Version 1.0 of the Policy Manual Provides for Adequate Protection to Ensure Adjustable Goals will Not Lead to Passive Portfolio Administration: During Policy Manual Version 2.0 discussions, Subcommittee participants have agreed to discuss a proposal to include responses to key findings on EM&V, Technical Reference Manual, market research and Net-to-Gross on an annual basis, in one of the Program Administrator quarterly reports. Furthermore, Version 1.0 of the Policy Manual contains extensive and consistent reporting requirements compared to what currently exists, with ample opportunities for stakeholder input during program implementation, which will ensure that adjusting goals, as described in the Policy Manual, will not lead to "passive oversight" of the portfolio by Program Administrators.</p>
<p>6: Program Administration and Reporting</p>	<p>6.5, Program Administrator Quarterly Reports; 6.6, Program Administrator Annual Summary of Activities (Annual Report)</p>	<p>The reporting policies included in the Policy Manual represent a significant expansion on reporting by Program Administrators. The reporting requirements are intended to strike a reasonable balance between consistency and transparency for Program Administrators, while avoiding unnecessary burdens and micromanagement. The Policy Manual Subcommittee will discuss templates related to Program Administrator reporting in Policy Manual Version 2.0 meetings, for consistency among Program Administrators and ease of review.</p> <p>The Subcommittee discussed in detail a request to separately report incentives to customers and incentives to third parties. The majority of participants agree that this should not be a required reporting requirement for several reasons:</p> <p>1. Unnecessary for Calculating the TRC: Both third party and Customer incentives are treated the same way in the TRC calculation.</p> <p>2. Inconsistent with the Definition of "Incentives" in the Policy Manual: The term "Incentives" is defined in Section 8.5 of the Policy Manual, and clearly includes both incentives to customers and incentives to third parties, which is consistent with how the term "Incentives" is treated in other jurisdictions.</p> <p>3. Inefficient: The Policy Manual is intended to strike a reasonable balance between consistency and transparency, while avoiding unnecessary burdens, micromanagement and inefficient use of limited program resources.</p>
<p>8: Total Resource Cost Test</p>	<p>8.4, TRC Costs i) Footnote 44 ii) Examples of "Incremental Costs"</p>	<p>i) The Subcommittee discussed Total Resource Cost Test definitions in detail, however a request was made to update Footnote 44 related to the definition of "Financial Incentives Paid to Customers," on how to categorize gift cards. The majority of participants agree that Footnote 44 needs further discussion in Version 2.0.</p> <p>ii) Several examples of "Incremental Costs" were included in a prior draft version of the Policy Manual, describing how to classify program designs using the new definition of "Incremental Costs." However, due to the fact that the cost definitions included in this section represent a change for various Program Administrators, the more detailed examples of how to classify incremental costs was removed for discussion in version 2.0 of the Policy Manual. The Policy Manual Subcommittee will discuss the specific "Incremental Cost" examples to ensure they are accurate, clear and can be implemented.</p>