

**Illinois Energy Efficiency Stakeholder Advisory Group**  
 Policy Manual Subcommittee Version 2.0  
 Proposed Policy Template (final – 8/7/18)

***Proposal: Modifications to Policy Manual Sec 6.6 (Annual Report)***

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<b>Policy Issue</b>	<p>To create a template for upcoming annual reporting for Illinois utilities, stakeholders will have to make sure that the template includes the information required by section 6 of the Policy Manual. It is prudent, therefore to consider whether the requirements that are listed in the Policy Manual are sufficiently detailed to provide the underlying data necessary to assess and understand the program performance.</p> <p><i>Current Language</i></p> <div style="border: 1px solid black; padding: 5px;"> <p><b>6.6 Program Administrator Annual Summary of Activities (Annual Report)</b></p> <p>i. Portfolio Summary Table setting forth, starting with Program Year 1, at the Portfolio level:</p> <ul style="list-style-type: none"> <li>a. Net energy savings achieved, by Program Year (ex post) or by Plan cycle compared to goal, with percent of goal achieved (as required in quarterly reports);</li> <li>b. Portfolio net benefits (in \$); and</li> <li>c. Portfolio TRC.</li> </ul> <p>ii. Program Summary Table, by Program Year or Plan cycle, starting from Program Year 1, net Program savings achieved; Program expenditures; Program NTG (deemed) and TRC (ex post); Program net levelized cost/unit energy.</p> </div> <p>For reasons outlined below in the Proposed Resolution and Background Research section, the addition of a small number of additional data points (which are values that are already being calculated but not reported) to the annual report requirements would – between the annual and quarterly reports – bring Illinois’ reporting up to a level that would enhance the ability of researchers, analysts, and policymakers to fully understand the program impacts in Illinois and to be able to compare Illinois utilities’ performance intra-state and against regional peers.</p>

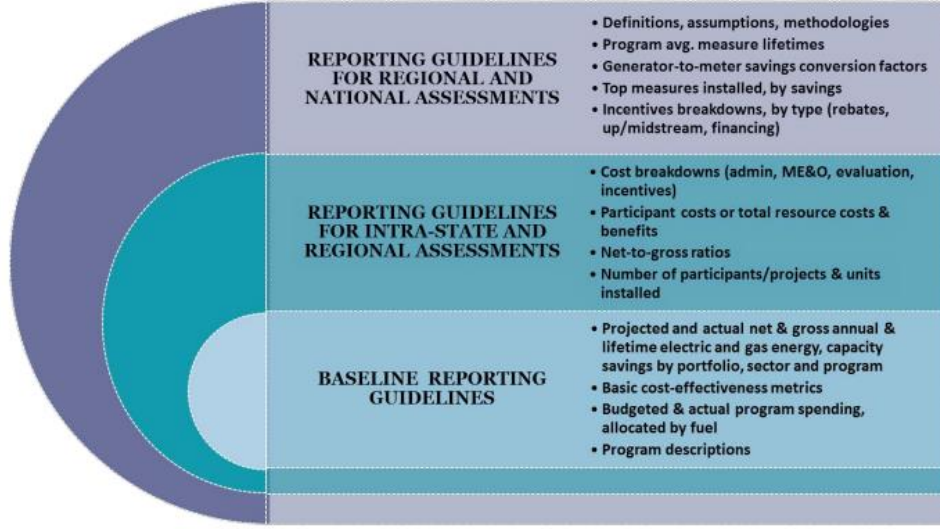
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<p><b>Proposed Resolution</b></p>	<p>The proposed resolution, details of which are discussed in the Background Research section below, would be to add the following requirements to sec 6.6 annual reporting and to the annual report template as it is developed:</p> <ul style="list-style-type: none"> <li>• <b>Annual gross savings – program level</b> <ul style="list-style-type: none"> <li>○ <i>Net savings and NTG ratios are already included and this is a data point that the utilities would already have calculated to arrive at those included values – thus it is not any additional burden to include this in a reporting table along with those other values. The value in including both gross and net savings is in making the data more broadly comparable across states since some states are net-reporters and some are gross-reporters. Having this data readily available eliminates the need for estimation and/or guesswork when normalizing cross-jurisdictional data.</i></li> </ul> </li> <li>• <b>Lifetime projected savings – program level</b> <ul style="list-style-type: none"> <li>○ <i>Not many utilities in the Midwest report lifetime savings projections in annual reporting (WI being the most notable exception). This data point, which is obtainable using values already in the TRM for expected useful life, would enhance the Illinois data. Incremental lifecycle savings are also already reported at the Portfolio level in annual Form EIA-861 reporting at the federal level.</i></li> </ul> </li> <li>• <b>Total benefits used in cost-effectiveness calculations – program level</b></li> <li>• <b>Total cost used in cost-effectiveness calculations – program level</b> <ul style="list-style-type: none"> <li>○ <i>The net benefit value is already included in reporting. This simply would be expanding the reporting to include the total benefits and total costs that go into the calculated net benefits. These values are already computed as part of the benefit-cost calculation and would not be onerous to include in the reports. Including values for total benefits and costs – rather than just net benefits – enables more accurate analysis than just knowing the net benefits and the score.</i></li> </ul> </li> <li>• <b>Participant/installed unit counts – program level</b> <ul style="list-style-type: none"> <li>○ <i>This is currently one of the optional considerations in quarterly reporting in Sec 6.5.iv. It is data that is already tracked in each program in order to provide ex ante savings estimates and for evaluators to provide ex post verified savings, and is included in evaluation reports. This would simply be a requirement to tabulate those values as part of the top-level report as well.</i></li> </ul> </li> </ul>
<p><b>Market Impact</b></p>	<p><i>The proposed changes would equally affect all Illinois utilities.</i></p>

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<p><b>Commission Directive(s) – if applicable</b></p>	<p><i>To my knowledge, there are no commission directives applicable.</i></p>
<p><b>Statutory Consistency</b></p>	<p><i>To my knowledge there are no inconsistencies with statute.</i></p>
<p><b>Background Research (optional)</b></p>	<p>The Electricity Markets and Policy Group at Berkeley Labs has been building a database of energy efficiency program data for several years. They use it for their analysis and research, including analysis of the costs of saving energy at the national and regional levels. One of the issues for that group has been data consistency and availability. After observing that some program administrators and states lacked sufficient data to be included in analyses, the LBL group identified a series of ‘tiers’ of energy efficiency data that enable deeper levels of analysis and cross-comparison of outcomes.</p> <p>The figure below shows what the LBL group has identified as the minimum data requirements they feel are necessary to enable these successive tiers of analysis. In an ideal world – at least for some definitions of ideal – every utility would be reporting the data needed at the ‘regional and national’ level (“Tier 3”, purple). This level of complexity, however, far exceeds what is in the current SAG annual reporting requirements – and even the more detailed quarterly report requirements. It seems improbable that consensus could be reached on adding that level of detail to the IL SAG annual reporting requirements.</p> <p>Dropping consideration of Tier 3, then, as being out of the realistic scope of SAG reporting, let’s consider the middle ‘intra-state and regional’ tier (“Tier 2”, dark cyan) and lower ‘baseline’ tier (“Tier 1”, light cyan) compared with the requirements currently in the Policy Manual for Annual (Sec 6.6) and Quarterly (Sec 6.5) reporting.</p>

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**Figure 5-1. Components of annual energy efficiency program reporting**

Source: Billingsley, Megan A, Ian M Hoffman, Elizabeth Stuart, Steven R Schiller, Charles A Goldman, and Kristina Hamachi LaCommare. *The Program Administrator Cost of Saved Energy for Utility Customer-Funded Energy Efficiency Programs*. 2014. LBNL-6595E. <https://emp.lbl.gov/publications/program-administrator-cost-saved>

The table below compares the LBNL guidelines and the SAG Policy Manual v1.1 requirements. In the SAG column of the table, a parenthetical notation of “port” indicates that the SAG manual specifies the data point at the portfolio level, while “prog” indicates data at the program level. The LBNL guidelines assume all reporting at the program level (because that is the level at which they track data and presumably could aggregate upward to the portfolio level). Assuming that program reporting continues to indicate the sector of the program, that level is not noted in the table.

Data Guideline	In LBNL (Tier #)	In SAG Policy Manual
Annual savings – planned	Tier 1	Annual (port) & Quarterly (port & prog)
Annual savings – actual (gross)	Tier 1	<ul style="list-style-type: none"> <li>Not in either report</li> </ul>
Annual savings – actual (net)	Tier 1	Annual (port & prog) & Quarterly (port & prog)
Lifetime savings	Tier 1	<ul style="list-style-type: none"> <li>Not in either report</li> </ul>
Basic c-e metrics (scores, net benefits)	Tier 1	Annual (port & prog)
Annual spending – planned	Tier 1	Quarterly (port & prog)
Annual spending – actual	Tier 1	Annual (prog) & Quarterly (port & prog)
Program descriptions	Tier 1	Quarterly (prog)
Cost breakdowns	Tier 2	Quarterly (port & prog)
Total c-e costs	Tier 2	<ul style="list-style-type: none"> <li>Not in either report</li> </ul>
Total c-e benefits	Tier 2	<ul style="list-style-type: none"> <li>Not in either report</li> </ul>
NTG ratios	Tier 2	Annual (prog)
Participant & unit numbers	Tier 2	Quarterly (*optional in sec iv – program successes)
Net levelized cost per unit	N/A	Annual (prog)
Other non-energy benefits (carbon, jobs, low-income, trees, etc)	N/A	Quarterly (port)

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Based on the table above, there are a few areas that are missing from either the quarterly or annual reports. These data – if added to the SAG annual report – would make Illinois’ utility energy efficiency reporting reach the LBNL tiers as such:

- Tier 1
  - Annual gross savings – program level
  - Lifetime projected savings – program level
- Tier 2
  - Total benefits used in cost-effectiveness calculations – program level
  - Total cost used in cost-effectiveness calculations – program level
  - Participant/installed unit counts – program level (currently noted as an optional consideration in quarterly reporting)

If the data is already included in the Quarterly reports, the Q4 report total is, in my experience, generally sufficient as a data source, so it isn’t really necessary to make sure that every data point that is in the Quarterly also ends up in the Annual summary. The Annual report can, however, fill in the gaps that aren’t currently addressed in either report. Brief discussion about the availability of these data points for inclusion in annual reporting is included in the Proposed Resolution section above.

**Additional Information**

From my own experience tracking and analyzing energy efficiency data across MEEA’s 13 states for over a decade, I welcome any efforts to enhance utility energy efficiency reporting – both in terms of comprehensiveness and consistency.

As an example, based on the some of the analyses that I have done for MEEA previously, the inclusion of total costs and total benefits that were included in the benefit-cost calculations would make it possible to calculate a value such as the statewide cost-effectiveness of a program type or a sector of programs, because the total costs of all the programs could be summed and the total benefits of all the programs could be summed and then a benefit-cost ratio calculated. Attempting to do this by simply taking an average of the computed TRC scores, on the other hand, is not mathematically accurate. (Because the average of ratios is not the same as the ratio of averages.)

As a simplified hypothetical example, consider the calculation below:

Utility	TRC Benefits	TRC Costs	Net Ben	TRC
A	100	75	25	1.33
B	500	250	250	2.00
C	200	85	115	2.35
D	800	775	25	1.03

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	<table border="0"> <tr> <td>Avg Benefits</td> <td style="text-align: right;">400</td> <td><b>Simple Average of TRC scores</b></td> <td style="text-align: right;"><b>1.68</b></td> </tr> <tr> <td>Avg Costs</td> <td style="text-align: right;">296.25</td> <td></td> <td></td> </tr> <tr> <td><b>Real Statewide TRC</b></td> <td style="text-align: right;"><b>1.35</b></td> <td></td> <td></td> </tr> </table> <p>As you can see, using these hypothetical numbers, a simple average of the TRC scores substantially over-values the benefit of energy efficiency on a statewide level. Without the inclusion of the total benefits and total costs, it would not have been possible to calculate an accurate result.</p>	Avg Benefits	400	<b>Simple Average of TRC scores</b>	<b>1.68</b>	Avg Costs	296.25			<b>Real Statewide TRC</b>	<b>1.35</b>		
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