

**IL EE SAG IPA TRC Subcommittee**  
Meeting #2: March 17<sup>th</sup>, 2015  
MEEA (20 N. Wacker Drive, Ste 1301, Chicago)  
Teleconference / 760-569-6000; 844452# / Webinar

**I. Meeting Attendees**

Annette Beitel, EE SAG Facilitator  
Celia Johnson, SAG Senior Policy Analyst  
Roger Baker, ComEd  
Keith Goerss, Ameren IL  
Chris Vaughn, Nicor Gas  
Jim Jerozal, Nicor Gas  
Hammad Chaudhrey, Nicor Gas  
Cheryl Miller, Ameren IL  
Keith Martin, Ameren IL  
Mike Brandt, ComEd  
Pat Giordano, for Comverge  
Stefano Galiasso, ERC/UIC  
Wendell Miyaji, Comverge  
Anthony Star, IPA  
Brian Granahan, IPA  
Chris Neme, Energy Futures Group, on behalf of NRDC  
Lisa Skumatz, SERA  
Phil Mosenthal, Optimal Energy, on behalf of IL AG  
Shraddha Raikar, ERC/UIC, on behalf of DCEO  
Rob Neumann, Navigant  
Ted Weaver, First Tracks Consulting, on behalf of Nicor Gas  
Kristol Whatley, Ameren IL  
Jennifer Morris, ICC Staff  
Sue Nathan, AEG, on behalf of PG-NSG

**II. Key Issues Discussed**

**TRC Impacts in Current and Proposed Legislation (Annette Beitel, EE SAG Facilitator)**

The Subcommittee briefly discussed excerpted language from proposed legislation that related to Total Resource Cost test (TRC) issues. SAG participants agreed that the Subcommittee should proceed discussing the issues that the Commission directed in the IPA docket. The proposed legislation is still pending, and even if adopted, may not change the need to discuss the identified issues.

**Status of DRIPE Issue (Annette Beitel, EE SAG Facilitator)**

Draft DRIPE documents are out for SAG review, including a draft DRIPE Comparison Exhibit and draft DRIPE Q&A document. Additional responses to questions included in the Q&A document have been requested by the SAG Facilitator. Responses are due by close of business on April 1, 2015. Once the draft Q&A document is completed, it will be circulated again for review and comment. The SAG Facilitator will discuss process on next steps with IPA and ICC Staff prior to the May Subcommittee meeting.

*Questions/Action Items:*

- Jim Jerozal, Nicor Gas: Is it appropriate to link DRIPE to 8-104? We should have a DRIPE gas discussion.
  - Keith Goerss, Ameren IL: What is the proposal for gas and what is the support for it? If capacity is included, what is the proposal and the support for capacity? Can the same information be provided on MISO data?
  - Chris Neme, Energy Futures Group/NRDC: DRIPE should apply to electric energy and capacity. DRIPE should also apply to gas, but it is not expected to be large. There is no estimate for gas right now. The analysis completed by Paul Chernick included both PJM and MISO data.
    - Keith Goerss, Ameren IL: If you separate PJM from MISO, what would the result be? Keith will review report and send follow-up questions if needed.
    - Pat Giordano: Comverge will look at whether it is possible to provide analysis and follow-up at the next meeting.
    - Phil Mosenthal, Optimal Energy/IL AG: If we agree to include DRIPE, it should apply to 8-104. We either need to do a study or use secondary research.
- SAG Facilitator will add qualifier language to the comparison exhibit and Q&A document, explaining that the DRIPE discussion arose in an electric proceeding and further discussion on gas is needed.

**Issue: Should IPA run its own C/E calculations? (Anthony Star, IPA)**

In the IPA docket proceeding, NRDC suggested that IPA should complete its own cost-effectiveness calculation. IPA thinks it's important to understand what is included in the calculation. IPA can and will continue to look at inputs and assumptions; however IPA asserted they do not feel the need to perform their own cost-effectiveness calculations. Instead, there are questions for the Subcommittee to discuss regarding whether the inputs currently used in cost-effectiveness calculations are reasonable. For the purposes of the law, IPA must consider what programs are cost-effective (with a TRC at or above 1.0). IPA also suggested should consider levels of review – what is a reasonable TRC range to use? If a TRC falls into that range, should those programs be included? That goes both ways – programs that are below and above 1.0. NRDC clarified its position that IPA should complete a detailed, thorough, independent review of some of the assumptions that go into the TRC (such as administrative costs, avoided costs, and costing periods) and not necessarily complete a separate cost-effectiveness calculation.

*Questions/Action Items:*

1. What input assumptions are currently used by each utility in cost-effectiveness calculations? (Chris Neme to follow-up on the areas that need additional scrutiny, including whether IPA should complete scrutiny independently).
  - a. Consider developing table of all input assumptions, and what each utility is using (can indicate what information is confidential, such as avoided costs.)
2. Are the input assumptions being used consistently between utilities?
3. Do input assumptions need to be reconsidered?

**Non-Energy Benefits (NEBs) – Chris Neme, Energy Futures Group, on behalf of NRDC; Lisa Skumatz, SERA**

Chris Neme presented background on Non-Energy Benefits (NEBs), including NRDC's proposal to include percentage portfolio adders for NEBs. Lisa Skumatz, a national

expert on NEBs, presented on how NEBs are calculated. The next step for the Subcommittee will include a discussion of how different utilities are including NEBs. Other SAG participants will be asked to present responses to NRDC's proposal. SAG participants will also be asked whether there are additional NEBs proposals that should be considered by the Subcommittee.

*Questions:*

1. Currently, the practice on including an adder is not consistent across utilities. What is the adder (if any) currently used for each IL utility and DCEO?
2. Do SAG participants support the NRDC proposal or are there other options to consider?
3. Is there a difference including NEBs on electric vs. gas portfolios?

*Action Items:*

- Ted Weaver: What is the multiplier in slide 12? (Lisa Skumatz to follow-up).
- What are actual studies supporting the values that NEBs NRDC recommends? (Chris Neme to follow-up to provide citations).
- What are NEBs in other jurisdictions? Magnitude, what NEBs are considered, how were the NEBs calculated? (C. Neme to follow-up)

**Line Losses – Marginal vs. Average**

SAG participants agree that marginal line losses are more accurate than average line losses. Ameren IL does not disagree with the math provided by Chris Neme. Ameren IL is reviewing other research and thinks there may be enough information to use a proxy number, in the absence of completing a study at this time. Ameren IL is interested in completing a study on this at some point.

*Action Item:* Ameren IL will complete additional research and follow-up.

**Administrative Costs**

In the last IPA procurement, Ameren IL included an upward adjustment of 14% for administrative costs in IPA submission bids. Ameren IL's position is that all costs need to be accounted for in cost-effectiveness; for IPA programs, the only way to do that is at the program-level. NRDC's position is that portfolio-level TRC information does not belong in program screening; only costs that are truly incremental and related to that program should be included. ComEd does not include an administrative costs adjustment for IPA programs. There is non-consensus in the Subcommittee about whether or not fixed, non-assignable costs should be included in the TRC screening for IPA programs. IPA stated there are three categories of costs: 1) fixed costs; 2) incremental assignable costs, meaning costs that are assignable to a specific program; and 3) incremental non-assignable costs (such as 3% EM&V).

*Questions:*

1. In calculating Third Party administrative costs, should fixed costs be included or should only incremental costs be included?
2. For cost-effectiveness screening, what percentage will Ameren IL use this year?
3. For IPA review of bids, what will IPA use and may it differ from Ameren IL values?
4. How does Ameren IL plan on tracking administrative costs?

### **Additional TRC Issues (Jennifer Morris, ICC Staff)**

Specific questions from ICC Staff on three additional TRC issues were circulated to the Subcommittee in the final draft meeting agenda, including 1) measuring interactive effects; 2) dual baseline; and 3) cost-classification, of measure/incentive/program cost. SAG participants expressed concern about the timing to produce a response for individual programs. Instead, the Subcommittee agreed to narrow the request for issues 1 and 2. Utilities and DCEO will follow-up on issues 1 and 2, answering how interactive effects and dual baselines are treated for IPA vs. 8-103/8-104 programs, prior to the April Subcommittee call. Issue 3 will be addressed in the Policy Manual Subcommittee. There is a fourth additional issue, discount rate, that will be addressed by Phil Mosenthal at the April Subcommittee meeting.

### **III. Additional Action Items**

Keith Goerss, Ameren IL: What is the overall impact of proposals, to the TRC calculation? What is the range of the overall impact, as a percentage?

- Are there additional analysis or questions that should be answered? Discuss at next Subcommittee meeting.

IPA – In next TRC Subcommittee meeting, IPA to discuss SAG feedback on how they plan to address TRC calculation issues (DRIPE, NEBs, admin costs) even if SAG discussions/recommendations not finalized:

- Status quo?
- Stakeholder recommendations on values?
- Somewhere in-between?
- Run sensitivity analysis to see outcome with status quo vs. stakeholder recommendations?

Comparison Exhibits will be prepared for the various issues, to make sure everyone is clear that to the extent there are different positions.