

IL EE Stakeholder Advisory Group

TRC Subcommittee Meeting #4

Tuesday, June 16, 2015

10:30 am – 4:30 pm

Midwest Energy Efficiency Alliance (20 N. Wacker Drive, Ste 1301, Chicago)

Attendee List

Annette Beitel, EE SAG Facilitator

Celia Johnson, SAG Senior Policy Analyst

Roger Baker, ComEd

Keith Goerss, Ameren IL

Jim Jerozal, Nicor Gas

Chris Vaughn, Nicor Gas

Mike Brandt, ComEd

Phil Mosenthal, Optimal Energy on behalf of IL AG

Deirdre Coughlin, DCEO

Hammad Chaudhry, Nicor Gas

Ted Weaver, First Tracks Consulting, on behalf of Nicor Gas

Brian Granahan, IPA

Chris Neme, Energy Futures Group, on behalf of NRDC

Shraddha Mutyal, ERC/UIC

David Diebel, ADM Energy

Rob Neumann, Navigant

Jennifer Morris, ICC Staff

Wendell Miyaji, Comverge

Meeting Notes / Action Items

TRC Subcommittee Process Next Steps:

- **Wednesday, July 8 (1:00 – 3:00 pm)** – DRIPE studies and impact on comparison exhibit
- **Tuesday, July 21 (10:30 am – 4:30 pm)** – TRC Subcommittee Meeting #5
- **Tuesday, September 1 (1:00 – 3:00)** – September Subcommittee Meeting #6 – IPA presentation on how they will address issues. IPA indicates it can't resolve issues. IPA will be party in a discussion.
- **Tuesday, September 22 (1:00 – 4:30)** – Subcommittee Meeting #7 – Final Meeting to discuss resolution.

Add: Due Date: Policy Implications to July schedule – **July 10th** – comments to Celia.

- TRC Report – Will add Executive Summary. Regulatory Requirement – Process.
- Executive Summary – List issues – what are resolved? What are open issues?
- Add Comparison Exhibits for non-consensus items.
- Procedural Issues:
 - Can statements made be used against you?
 - SAG Facilitation Team wants to make procedural recommendation on where to litigate:
 - Procedural Option 1: IPA Docket
 - Procedural Option 2: Portfolio Filing
 - Procedural Option 3: Rulemaking

- Procedural Option 4: NEBs through TRM
- **ACT:** Jennifer Morris to discuss options with ICC attorney.
 - Annette Beitel discussed options with Karen Luson. Karen recommends a fifth option, to resolve TRC issues through a separate filing.
- **ACT:** Celia Johnson will update TRC Subcommittee Report to include:
 - Executive Summary
 - Comparison Exhibits
 - Procedural recommendation

Non-Energy Benefits

- **MA:** Ralph Prah – evaluation consultant to Collaborative. He is overseeing NEBs work.
- **Roger Baker:** Carbon – Plan 3 – ComEd, \$25/ton, model that EIA uses when doing NEMs. ComEd used NYMEX futures for first three year. Then applied curve from AEO past that point.
- **AEO only updates carbon every other year.** 30 months of on-peak; 30 months of off-peak. AEO profiles go from second year out. EIA escalates.
- **NEBs – Different Category**
 - Environmental adders – CO, Sox, Nox
 - Water – Resource benefit
 - NEBs everything – health safety comfort, building durability, etc.
 - O&M
 - Economic – Job creation
- **Ameren IL:** Delete “quantify” – it has a specific meaning. Use “current application of.”
 - Cite Mid-American case.
 - Nicor Gas:
 - Water at measure level
 - Carbon to avoided costs
 - 7.5% adder is from Mid-American
- **Excel Document Updated:** For next meeting, Celia Johnson will research additional information in other jurisdictions break out Carbon, Water, NEBs. Updates for the next meeting:
 - **ACT:** SAG Facilitation will e-mail Michael Li to see if UMP is going to address NEBs.
 - **ACT:** Clarify in table what NEBs adders include using the “IL-categories” – environmental, water, “other”, jobs.
 - **ACT:** Find out if the adders were quantified or “policy.”
 - **ACT:** Find out what state policy on NEBs is and where it comes from (statute, regulatory decision, other).
 - **ACT:** Chris Neme will ask Lisa Skumatz for more information.
 - **ACT:** Of the states that are listed, which include unlimited budget vs. fixed budget? Unlimited budgets include: IL, CA, MA, perhaps RI.
- **Utility Practice**
 - **Act:** Keith will check to see how carbon is included.
 - **ACT:** ComEd will provide Celia with explanation.
 - **ACT:** Nicor Gas – used DOE carbon adder in Energy Outlook.
- **Additional NEBs in other jurisdictions:**
 - Ontario recently adopted 15%.
 - **ACT:** Add to table.
 - BC adopted 15%, but may get higher if additional research to justify.

- **Questions for SAG:**
 - Staff – Measure level through TRM update process.

DRIPE

- **ACT:** Post studies – that suggest that regression analysis may not be the correct approach – should instead use simulation modeling to determine price suppression effect.
 - **Exeter study** (available on TRC Subcommittee page)
 - **AESC Study** (available on TRC Subcommittee page)
 - **IPA Report** (referencing Illinois State Study)
- **ACT:** Set up teleconference to discuss impact of the studies on the prior analysis (July 8th, 1:00 – 3:00 pm).
- **ACT:** Modify Comparison exhibit to clarify that it does not apply to gas or electric capacity

Marginal vs. Average Line Losses

- **ACT:** Roger Baker has provided average vs. marginal losses for ComEd. Keith Goerss is doing research on ratio from other jurisdictions and will consider what it plans to use for the July 15th filing.
- Ameren IL will make final decision by July 15th IPA study it has to file.
- **Consensus agreement. No further action needed on this topic.**

IPA Administrative Costs

- **Category 1: EM&V** – will add to each IPA program (3%)
 - Will take 3% from each program selected, lump together
 - Consensus
- **Category 2: Program Management** – (Leidos Costs, 3-4%)
 - Program-specific -- will be allocated to programs in screening
 - Other Admin – invoicing, etc. (Leidos). Allocate based on program budget – Commission has already accepted this.
 - **Consensus**
- **Category 3: Increase in other Admin: Marketing, General Admin, other non-assignable etc.** (Approximately 4%)
 - Bucket A: Increase in General Marketing and Education
 - **Consensus – allocated to IPA programs based on program budgets.**
 - Bucket B: Increase in other administrative costs (non-assignable). (RFP, regulatory approval, legal, potential studies, etc.) – Fixed costs associated with portfolio, not incremental.
 - **Consensus – OK to track**
 - **Non-consensus – whether to include in screening IPA programs.**
- **Reporting – NOTE:** No Commission proceeding or required Commission report where the costs described above must be tracked and reported.
- **Proposed Solution**
 - Screen with two adders, let Commission decide (7% and 11%) (not including IPA)
 - 7% - costs incremental to IPA (Category 1 and 2)
 - 11% - costs not incremental to IPA; non-assignable to IPA
 - Utility would screen both with 7% and 11%, report to IPA; IPA can make recommendation to Commission
 - 7% (incremental)

- 11% (incremental and fixed)
- **No further action/discussion needed on this topic.**

Overall Impacts to TRC Test

- **ACT:** For July 21st meeting, Chris Neme will develop spreadsheet for each utility on how much the adders will increase net benefits, taking into account what they already include. Also add what would likely screen at measure/program level that don't screen now. Chris will do short primer on which elements are additive vs. not.
- **Ameren IL:** Keith Goerss estimate is that the net benefits would go up 50-70%. Chris Neme assumption – for retrofit or low-income would go.
 - Keith estimates that if this level of adder included, whereas only 50% of programs passed in last round; 90% would have.
- **ACT:** Add to July agenda – screening using TRC and UCT. UCT would include NEBs, DRIPE (?)

Issue: Should IPA conduct its own C/E calculation?

- **Brian Granahan:** In the past, IPA has reviewed C/E assumptions. However, scrutiny will be more informed given the discussion in the workshop.
- **Chris Neme:** IPA review can't be just that same numbers were used in 8-103 screening, needs to be more independent.
- **Consensus: IPA does not need to do independent C/E screening, but IPA does have to independently review assumptions.**
- **Jennifer Morris request:** Provide summary of what is in the model, and where assumptions come from.
 - Request: Provide Word document – for each parameter that does not come from TRM, what is value, and where did it come from?
 - Ameren IL and ComEd agreed to provide, except need Protective Order for Avoided Costs.

ComEd Outdated Information on DRIPE

- This issue was addressed in previous DRIPE discussions. **No further action needed on this topic.**