

**Illinois Energy Efficiency Stakeholder Advisory Group
TRC Subcommittee Report
DRAFT Version 1.0 (6/11/2015)**

Background

The Illinois Power Agency (“IPA”) petitioned the Illinois Commerce Commission (“Commission”) for approval of the 2015 IPA Procurement Plan in ICC Docket No. [14-0588](#), pursuant to Section 16-111.5(d)(4) of the Public Utilities Act (“IPA docket”). The 2015 IPA Procurement Plan included a proposed plan for the procurement of electricity for eligible retail customers of Ameren Illinois Company (“Ameren Illinois”) and Commonwealth Edison (“ComEd”). The IPA Procurement Plan set forth recommendations related to procured electricity commodity and associated transmission services, energy efficiency programs, and renewable energy credits.

In the 2015 IPA Procurement Plan docket relating to the approval of energy efficiency programs to begin on June 1, 2015, several issues related to the Total Resource Cost test (“TRC Test”) were unresolved by the Commission in the Final Order. The Natural Resources Defense Council (“NRDC”) proposed that Illinois utilities include marginal line losses, DRIPE, and Non-Energy Benefits (“NEBs”) when performing the TRC Test analysis for energy efficiency programs. Several parties expressed concerns about the impact of a Commission decision on the TRC Test on interested participants not a party to the IPA docket. The Commission expressed concern about the expedited schedule and the large number of contested issues in procurement proceedings. The IPA recommended that workshops be conducted to allow the proper time and process for considering whether the proposed changes to the TRC Test should be adopted.

In the IPA docket Final Order, the Commission declined to adopt NRDC’s recommended changes to the TRC Test analysis. Instead, the Commission directed that the issues raised by NRDC related to the TRC Test be discussed by the Illinois Stakeholder Advisory Group (“SAG”).¹ The Commission also directed the discussion of several specific issues to SAG, as summarized below. Language from the Final Order is excerpted in Attachment A.

This TRC Subcommittee Report includes a list of issues addressed by the TRC Subcommittee, a description of the process followed by the SAG facilitation team, meeting summaries, and SAG facilitation team recommendations.

Issues for SAG Discussion

The following issues were directed by the Commission in ICC Docket No. 14-0588 for discussion at SAG:

1. *Threshold issue:* Whether the IPA should develop and perform an independent TRC calculation with distinct inputs and assumptions rather than relying on inputs provided by the utilities.

¹ See Appendix A: Commission Directives to SAG.

Comment [CC1]: C1:

The Commission Final Order also included this statement:
Additionally, the parties should address the possibly outdated literature relied upon by ComEd in its opposition to the inclusion of DRIPE in the TRC test. --We will ask ComEd to answer this question at the June meeting.

2. *Demand Reduction Induced Price Effect (DRIPE)*: Whether DRIPE should be included in the Illinois TRC Test calculation.
3. *Non-Energy Benefits (NEBs)*: Whether NEBs should be included in the Illinois TRC Test calculation. If so, how should they be quantified?
4. *Marginal Line Losses*: Whether Ameren IL should include marginal line losses, instead of average line losses. Why does Ameren IL not utilize its best estimate of marginal in place of average line losses, which ComEd utilizes?
5. *Administrative Costs*: How will administrative costs be tracked going forward, by program? How can overhead/administrative costs be determined with reasonable certainty, and how should they be included in the TRC Test?

SAG TRC Subcommittee participants requested discussion of the following additional TRC questions:

1. *Measuring interactive effects*: How are interactive effects being taken into account, for both TRC and savings goal purposes for Section 8-103, 8-104 and 16-111.5B programs? How do evaluators treat interactive effects? (ICC Staff is interested in consistent treatment of interactive effects across programs).
2. *Accounting for dual baselines*: When TRC analysis is performed, on an ex poste basis, are dual baselines accounted for in Section 8-103, 8-104 and 16-111.5B programs? If so, how are they accounted for? (ICC Staff is interested in consistent treatment of dual baselines across programs).
3. *Discount rate*: Whether societal or utility cost-of-capital discount rate should be applied. (Illinois Attorney General's office suggests that utilities use a societal discount rate. Utilities and DCEO currently use the cost-of-capital discount rate).

Process

The SAG facilitation team prepared a draft TRC Subcommittee plan and discussed process with IPA staff in early January 2015. At the January "large group" SAG meeting held on Tuesday, January 27, 2015, the SAG facilitator presented a summary of Commission directives from ICC Docket No. 14-0588 and the draft TRC Subcommittee Plan for review by SAG participants.² The key objective of creating a TRC Subcommittee was to address issues related to the TRC Test as directed by the Commission, to fully flush out issues and hold fact-based discussions with interested participants. The issues directed for discussion by SAG participants required more focused time and attention than could be accomplished through the large group SAG process.

At the January SAG meeting, participants agreed with the creation of a TRC Subcommittee to discuss issues related to the TRC Test. In addition, the DRIPE issue was presented to SAG for education and discussion. Two economists presented their perspective of whether to include DRIPE in the TRC Test. Scott Fisher, Northbridge Group, presented on behalf of ComEd. ComEd's position is that DRIPE should not be included in the TRC Test. Paul Chernick,

² See Draft IPA TRC Subcommittee Plan, Version 1.0. Retrieved from http://ilsagfiles.org/SAG_files/Subcommittees/IPA-TRC_Subcommittee/2-17-2015_Meeting/IPA_TRC_Subcommittee_Plan_Ver_1_DRAFT_v2.pdf.

Resource Insight, presented on behalf of NRDC.³ NRDC's position is that DRIPE should be included in the TRC Test.

The SAG facilitation team sent notice of the newly formed TRC Subcommittee to the SAG distribution list following the January meeting, requesting interested participants. The SAG facilitation team only circulated meeting invitations and materials to participants that expressed interest in the TRC Subcommittee.

TRC Subcommittee Meetings

Below is a summary of TRC Subcommittee meetings held during the first half of 2015, including the status of issue resolution. Agendas, meeting materials, and notes are available for download on the [TRC Subcommittee page](#) of the SAG website.

TRC Subcommittee Meeting #1 – Tuesday, February 17, 2015

The first TRC Subcommittee meeting included additional discussion of the DRIPE issue, as a follow-up to the January SAG meeting. A preliminary draft “DRIPE Comparison Exhibit” was circulated for review prior to the meeting. Presenters included Paul Chernick, Resource Insight, on behalf of NRDC; Scott Fisher, NorthBridge Group, on behalf of ComEd; and David Brightwell, ICC Staff. The purpose of this discussion was to review the issues set forth in the DRIPE Comparison Exhibit to determine the differences in positions and rationale, whether differences could be narrowed, and whether the DRIPE Comparison Exhibit was complete as drafted. Roger Baker, ComEd, also presented on DRIPE in other jurisdictions, to educate the TRC Subcommittee. Baker's research found that in the states that have adopted DRIPE, statutes don't define the TRC Test and what goes in it. In each case where states have adopted DRIPE, the TRC Test is not defined by statute, but instead by the regulatory Commission.

- *Status of issue resolution:* Following TRC Subcommittee Meeting #1, the SAG facilitation team updated the draft DRIPE Comparison Exhibit and circulated it to TRC Subcommittee participants for review and comment. A draft DRIPE Q&A document was also circulated, which summarized the discussion during the first meeting. Additional responses to questions included in the Q&A document were requested by the SAG facilitation team.

TRC Subcommittee Meeting #2 – Tuesday, March 17, 2015

The second TRC Subcommittee meeting included a discussion of several TRC Test issues, as directed by the Commission. The TRC Subcommittee briefly discussed excerpted language from proposed legislation that related to TRC Test issues. Participants agreed that the TRC Subcommittee should proceed discussing the issues that the Commission directed in the IPA docket. Even if adopted, proposed legislation may not change the need to discuss the identified issues. At the time of the second meeting, proposed legislation was still pending.

³ Meeting materials for January 27, 2015 are available on the [SAG website](#).

Comment [CC2]: C:

Updated draft DRIPE Comparison Exhibit circulated for review, with edits provided by Chris Neme.

The Subcommittee has not yet discussed gas issues related to DRIPE. Jim Jerozal suggested this discussion at the March meeting. Qualifier added to DRIPE Comparison Exhibit.

Issue: DRIPE

The SAG facilitator provided a status update on the DRIPE issue. DRIPE documents were still out for review by Subcommittee participants, including the updated draft DRIPE Comparison Exhibit and draft DRIPE Q&A document.

Issue: Whether IPA should run its own cost-effectiveness calculations.

The Subcommittee discussed the threshold issue of whether IPA should run its own cost-effectiveness calculations. In the IPA docket, 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.

- *Status of issue resolution:* Several questions were raised by participants regarding what input assumptions are currently used by utilities in cost-effectiveness calculations, and whether they are used consistently. The June TRC Subcommittee meeting will include a discussion of these questions.

Issue: Non-Energy Benefits

Chris Neme, Energy Futures Group on behalf of NRDC, 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.

- *Status of issue resolution:* The June TRC Subcommittee meeting will include a discussion of NEBs in other jurisdictions. 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.

Issue: Marginal vs. Average Line Losses

The TRC Subcommittee discussed marginal versus average line losses. Participants agreed that marginal line losses are more accurate than average line losses. Ameren Illinois does not disagree with the math provided by Chris Neme at the meeting. Ameren Illinois 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 Illinois is interested in completing a study on this at some point in the future.

- *Status of issue resolution:* Ameren Illinois follow-up on this issue at the June TRC Subcommittee meeting.

Issue: Administrative Costs

The TRC Subcommittee discussed administrative costs. In the last IPA procurement, Ameren Illinois included an upward adjustment of 14% for administrative costs in IPA submission bids.

Comment [CC3]: CJ:

Questions/Action Items from 2/17 meeting:

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). 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?

Comment [CC4]: CJ:

Questions from 2/17 meeting:

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?

Ameren Illinois'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. 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).

- *Status of issue resolution:* 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. A follow-up discussion will be included at the June TRC Subcommittee meeting.

Issue: Additional TRC Test questions

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) measuring dual baselines; and 3) cost-classifications of measure, incentive, program costs. Participants expressed concern about the timing to produce a response for individual programs. Instead, participants agreed to narrow the request for issues 1 and 2. Utilities and DCEO agreed to follow-up on issues 1 and 2, answering how interactive effects and dual baselines are treated for IPA vs. 8-103/8-104 programs, during the TRC Subcommittee teleconference in May.

- *Status of issue resolution:* Issues 1 and 2 were discussed at the May 5, 2015 meeting. Issue 3 was addressed in an April 28, 2015 SAG call inviting both TRC Subcommittee and Policy Manual Subcommittee participants. A fourth additional issue, discount rate, was also discussed during the May meeting, as described below.

SAG TRC Cost Classification Teleconference – Tuesday, April 28, 2015

An initial discussion of how to classify costs related to the TRC Test was held at the April 21, 2015 Policy Manual Subcommittee meeting in Springfield.⁴ Sue Nathan, Applied Energy Group, and Jennifer Morris, ICC Staff, worked on background research and presented draft language for discussion. Policy Manual Subcommittee participants agreed that a follow-up call was needed to continue discussing TRC cost classifications, and invite other interested participants. SAG participants, Policy Manual Subcommittee participants, and TRC Subcommittee participants were invited to meet via teleconference on April 28th to discuss draft language for the TRC Test section of Illinois Energy Efficiency Policy Manual Version 1.0. Jennifer Morris drafted proposed language for discussion, including various cost classification definitions. Participants discussed language and suggested minor edits during the teleconference. There was general consensus on the proposed language.

- *Status of issue resolution:* Jennifer Morris updated the language to respond to edits proposed during the call. Updated language was sent to TRC Subcommittee and Policy

⁴ The Illinois Energy Efficiency Policy Manual is in process by a separate SAG Policy Manual Subcommittee, as directed by the Commission in dockets approving the most recent 3-year utility and DCEO energy efficiency plans. The filing process for the Policy Manual is under review by the Subcommittee during summer 2015. At the request of the Policy Manual Subcommittee, draft language is not available for download on the SAG website. The SAG facilitation team anticipates a Policy Manual filing in fall 2015.

Manual Subcommittee participants for final review. Updated language is included in the Total Resource Cost Test section of the Policy Manual.

TRC Subcommittee Meeting #3 – Tuesday, May 5, 2015

The TRC Subcommittee met by teleconference to discuss additional TRC issues raised by SAG participants, including interactive effects, dual baselines, and discount rate. Several participants submitted responses to ICC Staff questions on interactive effects and dual baselines in advance of this call, including utilities, DCEO, and independent evaluators.⁵ An additional TRC Subcommittee meeting will be scheduled to discuss follow-up on these issues, as described below.

Interactive Effects

Ameren Illinois, ComEd, Peoples Gas-North Shore Gas and DCEO generally account for interactive effects in TRC Test calculations. Nicor Gas does not currently include interactive effects. Nicor Gas commented that most interactive effects are in lighting programs, but they are willing to track the effects, if possible (such as in the custom program).

- *Status of issue resolution:* Nicor Gas is reviewing whether it is possible to track interactive effects. The SAG facilitation team will draft a table to include a list of when interactive effects are being taken into account. IL-TRM Version 5.0 will likely need to be updated with additional language on interactive effects. In addition, there are several follow-up questions to be addressed. This issue will be discussed at a future TRC Subcommittee meeting (date TBD).

Dual Baselines

Jennifer Morris, ICC Staff, proposed that utilities and DCEO include dual baselines when calculating the TRC, including four (4) years at full savings and eleven (11) years with reduced savings (“method one”), as described in the Illinois Technical Reference Manual (“IL-TRM”). Ameren Illinois, ComEd, and DCEO currently use method one. Nicor Gas and Peoples Gas-North Shore Gas do not currently utilize method one. Peoples Gas-North Shore Gas does not offer any dual baseline measures at this time. Nicor Gas uses method four, which is to use the first year savings for the remaining useful life of four (4) years, and eleven (11) years with zero savings. In addition, Nicor Gas uses a modified version of the E3 calculator from California, which makes it difficult to incorporate dual baselines.

- *Status of issue resolution:* Nicor Gas and Peoples Gas-North Shore Gas are reviewing whether it is possible to include dual baselines in TRC Test calculations. Nicor Gas is reviewing whether the E3 calculator can be modified to include dual baselines, and the cost of a modification. This issue will be discussed at a future TRC Subcommittee meeting (date TBD).

Discount Rate

Phil Mosenthal, Optimal Energy on behalf of the Illinois Attorney General’s office, proposed that utilities and DCEO use a societal discount rate. Utilities and DCEO currently use the weighted average cost-of-capital discount rate. Mosenthal’s rationale is that using a societal discount rate results in lower risk to utilities, and most utilities in the northeast use a societal

⁵ The Issue/Response Tracking document is available for download on the [TRC Subcommittee page](#) of the SAG website.

discount rate. Ameren Illinois responded that they are not willing to use a societal discount rate, and do not agree that using it would result in lower risk. Nicor Gas commented that Illinois is a TRC state, therefore the right discount rate to use in the weighted average cost-of-capital.

- *Status of issue resolution:* Ameren Illinois will provide a short presentation on this issue at a future TRC Subcommittee meeting (July 21, 2015).

TRC Subcommittee Meeting #4

Scheduled for Tuesday, June 16, 2015 (summary to be added).

Recommendations

Several issues related to the TRC Test were included in proposed energy legislation under consideration by the Illinois legislature during the spring 2015 legislative session, including DRIPE, NEBs, and discount rate. Proposed legislation includes House Bill 2607⁶ / Senate Bill 1485⁷ and House Bill 3328⁸ / Senate Bill 1879.⁹ The spring legislative session ended on May 31, 2015 without action on proposed energy legislation. Legislation may be addressed during the veto session in fall 2015, or proposed again during the spring 2016 session. However, the SAG facilitation team recommends concluding these discussions in the TRC Subcommittee by August 2015 since future legislation action is uncertain and the 2016 IPA Procurement Plan process will be underway soon.

TRC Subcommittee participants held extensive discussions on issues related to including DRIPE in the TRC Test. Despite these discussions and time for participants to review various positions and rationale of interested parties, the issue remains unresolved. The SAG facilitation team recommends that a final DRIPE Comparison Exhibit be circulated to TRC Subcommittee participants for review and comment, including issues related to DRIPE, positions of various parties, and rationale for each position. The final DRIPE Comparison will be included in this TRC Subcommittee Report as Attachment B.

⁶ See HB 2607. Retrieved from: <http://ilga.gov/legislation/99/HB/PDF/09900HB2607lv.pdf>.

⁷ See SB 1485. Retrieved from: <http://ilga.gov/legislation/99/SB/PDF/09900SB1485lv.pdf>.

⁸ See HB 3328. Retrieved from: <http://www.ilga.gov/legislation/99/HB/PDF/09900HB3328lv.pdf>.

⁹ See SB 1879. Retrieved from: <http://www.ilga.gov/legislation/99/SB/PDF/09900SB1879lv.pdf>

Appendix A: Commission Directives to SAG

The language below is excerpted from ICC Docket No. [14-0588](#). Emphasis added (bold language indicates specific Commission directives to SAG).

Incremental Energy Efficiency (p223-227):

NRDC urges the Commission to require the inclusion of marginal line losses, DRIPE, and NEBs when Illinois utilities perform the TRC test to evaluate energy efficiency programs. Portions of this recommendation are supported by ELPC, CUB/EDF, and the AG. Portions of the recommendations are opposed by ComEd, Ameren, and Staff. ComEd, Ameren, and Staff make economic arguments against the NRDC recommendations and ComEd and Staff make legal arguments against portions of NRDC's recommendations.

The IPA believes the best path forward is to conduct workshops that would allow for the proper time and process for considering if any of the proposed TRC changes should be made. While the IPA is sympathetic to NRDC and ELPC's desire for immediate resolution, the IPA believes the record in this proceeding is simply too limited relative to what may be accomplished through more thorough and deliberate consideration. If a workshop does not suffice, the IPA suggests another approach could be for the Commission to open a formal investigation of the TRC methodology, but the IPA does not believe that a formal investigation would be a faster or more efficient way to proceed, and thus continues to recommend a workshop process.

Those parties, along with the IPA, also believe it is premature for the Commission to implement NRDC's recommendations because it could impact parties that are not participating in this proceeding. They believe the Commission should refer the issue to workshops conducted either by Staff or the SAG. NRDC and ELPC believe workshops on these issues would not be productive. They claim the issues have been previously raised in such forums and, for the most part, the utilities are not open to considering their positions.

As an initial matter the Commission notes that it has considered at least some of NRDC's recommendations in previous procurement proceedings and declined to adopt them. A significant problem with procurement proceedings is the expedited schedule combined with a relatively large number of contested issues and parties. This makes it difficult for the Commission to deal with complex economic issues, such as those raised by NRDC. As a result, and because not all potentially affected parties are participating in this proceeding, the Commission must again decline to adopt the NRDC's recommendations. Instead, the Commission finds the IPA's recommendation on these issues to be the most reasonable.

The Commission refers the three issues raised by NRDC to be addressed at workshops conducted by the SAG. In the event the SAG is unable to conduct the workshops, for whatever reason, the Commission directs the Staff to conduct the workshops. Among the broader issues to be explored in the workshops, the Commission specifically directs the parties to address why Ameren does not utilize its best estimate of marginal line losses in place of average line losses, which ComEd already utilizes. Additionally, the parties should address the possibly outdated literature relied upon by ComEd in its opposition to the

inclusion of DRIPE in the TRC test. The Commission also finds the AG's arguments regarding the inclusion of DRIPE intriguing. **As noted above, procurement proceedings are not the ideal forum for considering complex economic issues and the Commission urges the parties to make serious efforts to reach consensus on at least some of these issues. While the Commission does not wish to open a proceeding for the purpose of addressing possible changes to the TRC test at this time, it may be necessary if the parties are unable to make progress in the workshop forum.**

NRDC also argues that Ameren is overstating its overhead or administrative costs as used in the TRC test and notes that ComEd does not use a similar percentage adder when performing the TRC test. Ameren disagrees, while Staff suggests Ameren should not be using any generic adder for all programs as administrative costs are likely to vary by program size type and size. The Commission finds the quality of evidence relating to this issue lacking. No party presented evidence regarding Ameren specific overhead or administrative costs though it is almost certain they exist. To the extent the utilities do not explicitly track this information already, the Commission hereby directs Ameren and ComEd to track administrative costs by program in order to aid in future determinations of appropriate administrative cost assumptions to use in the TRC analysis of the Section 16-111.5B programs. **The Commission rejects Staff's suggestions that Ameren should use a value of zero for a cost that almost certainly exists and could probably be estimated with reasonable certainty. As a result, while the Commission must reject NRDC's recommendations on this issue because they are not supported by the record, the Commission directs the parties to address this issue in the workshops discussed above.**

According to Staff, the IPA indicates it appreciates that Section 16-111.5B(a)(4) in isolation could be understood to demand a more rigorous evaluation, even justifying the use of evaluative criteria separate from criteria used to evaluate programs under Section 8-103. **Staff says the IPA suggests in the procurement plan that a workshop could also consider if the IPA should develop and perform an independent TRC calculation with distinct inputs and assumptions rather than relying on inputs provided by the utilities. (Staff BOE Attachment A at 222) The Commission agrees that this would be a reasonable topic to address in the workshops discussed above.**

NRDC recommends that the Commission revise the Plan or otherwise expressly encourage utilities to develop requests for proposals with input from and collaboration with interested stakeholders throughout the process in the review of third party program bids. Ameren adamantly objects claiming such a requirement is unnecessary. In its Response, the IPA supports NRDC's recommendation. ELPC supports NRDC's recommendation and suggests the Commission should direct Ameren to follow the same collaborative bid review approach used by ComEd. Staff supports the ELPC and NRDC recommendations with certain modifications. (Staff BOE Attachment A at 225)

Staff supports the Commission requiring Ameren to submit a confidential utility and stakeholder bid review document with its energy efficiency assessment similar to the one submitted by ComEd but recommends that such utility and stakeholder bid review documents include more detail concerning the rationale for the competing and duplicative determinations as well as the

facts considered by the utilities and stakeholders in making those determinations. Staff says all parties appear to agree that the stakeholder reviewers should have no decision-making authority. (Staff BOE Attachment A at 225)

The Commission notes that, to some extent, the schedule for the third party bid process is out of the utilities' control and is somewhat sympathetic to Ameren's argument that it attempts to include interested stakeholders to the extent possible. On the other hand, the complaints regarding Ameren's process and openness to input from interested stakeholders, relative to ComEd's is troubling. While the Commission does not believe it necessary to make a change to the Plan under consideration in this proceeding, the Commission directs Ameren to improve its efforts to include interested stakeholders and give their input more serious consideration when reviewing third party program bids in the future. While the Commission does not wish to initiate a formal proceeding to address this issue at this time, it may be necessary if the issue arises in future procurement proceedings.

Staff objects to the IPA's justification for the recommendations as to which Ameren behavioral program should be included in the plan. Staff's objection has several parts: first, a request to include in the Plan an alternative expression of the total resources cost test expressed as the difference between costs and benefits rather than as a ratio; second, a discussion of the experience of energy savings and cost effectiveness for home energy reports for Ameren and elsewhere in Illinois; and third, a discussion of whether the two Ameren behavioral programs are "competing" or "duplicative."

The IPA and Ameren do not believe that changes to its Plan are warranted in response to Staff's objections. Ameren states that if both programs were adopted, then the respective programs would be cut in half, assuming either vendor would have an interest in contracting for half of the incentives for which it bid. Ameren believes the correct path is to not have these programs compete at half budget, with increased administrative costs, but rather to have one program, chosen by the Commission, run at full capacity so that the bid savings can be achieved.

The IPA believes pragmatic decisions must be made when there are "duplicative" bids and that information will never be perfect, but a determination must be made. The IPA sympathizes with Staff's concern regarding the implications of not adopting the non-incumbent program with the higher TRC. The IPA says its recommendation between these programs is based on a qualitative consideration of multiple factors. The IPA claims the disconnect between vendor-supplied estimates and evaluated therm savings, along with the inherent uncertainty surrounding vendor-supplied values, underscores the weakness of choosing between the two programs on the basis of their TRCs when the input values are not based on the Technical Reference Manual.

Staff suggests various ways that Ameren and the IPA could work with vendors to refine and coordinate bid responses. The IPA indicates it first saw vendor bid responses as part of Ameren's July 15 filing, but says it is not opposed to a consideration of a more active and earlier role in the bid screening and evaluation process in future years.

The Commission appreciates the efforts of Staff relating to incremental energy issues. Ultimately, the Commission agrees with Ameren that the best result is to not have these

programs compete at half budget, with increased administrative costs, but rather to have one program run at full capacity so that the bid savings can most likely be achieved. As a result, the Commission rejects Staff's proposed modifications to the Plan.

The consensus language from the 2014 Section 16-111.5B energy efficiency workshops was submitted by Ameren to the IPA in Ameren's energy efficiency assessment required by Section 16-111.5B (now set forth in Appendix B-2 of the Plan) and the IPA filed the consensus language with its Plan with a recommendation that the Commission adopt it. Staff supports Commission adoption of the consensus language from the 2014 Section 16-111.5B energy efficiency workshops as it will increase transparency and certainty for all parties involved with the Section 16-111.5B energy efficiency programs.

The Commission appreciates the efforts of all parties that worked to reach consensus through the workshops on the complicated Section 16-111.5B energy efficiency issues raised in previous procurement dockets. The Commission hereby adopts the consensus language from the 2014 Section 16-111.5B energy efficiency workshops in order to increase certainty for all parties involved with the Section 16-111.5B energy efficiency programs.

The Commission hereby approves the cost-effective incremental energy efficiency programs recommended by the IPA, except as modified in this conclusion above.