

IL EE Stakeholder Advisory Group
TRC Subcommittee Meeting #6 Teleconference
 Tuesday, July 21, 2015
 12:30 – 3:30 pm

Attendee List and Meeting Notes

Call-In Number: (415) 655-0059; audio PIN shown after joining webinar. Participants can also use their computer's microphone and speakers (VoIP), if preferred.

Webinar: <https://attendee.gotowebinar.com/register/2379314942162972929>

Agenda

Time	Agenda Item	Discussion Leader
12:30 – 12:40	Opening and Introductions	Annette Beitel, EE SAG Facilitator
12:40 – 1:20	Overall Impacts to TRC <ul style="list-style-type: none"> • Overview of issue; follow-up on June 16th discussion. • Review spreadsheet on net benefits and estimated impact to TRC. • Screening using TRC and UCT. UCT would include NEBs, DRIPE? Purpose: Discuss estimated impact of proposed changes to TRC; discuss questions and concerns.	Chris Neme, Energy Futures Group, on behalf of NRDC
1:20 – 1:50	Non-Energy Benefits (NEBs) <ul style="list-style-type: none"> • Discussion of procedural issue – is the TRM process the right venue for addressing the NEBs issue? Purpose: Discuss next steps.	Annette Beitel, EE SAG Facilitator
1:50 – 2:30	Additional TRC Issues: Measuring Interactive Effects Measuring Dual Baselines <ul style="list-style-type: none"> • Overview of issue. • Follow-up on May 5th teleconference discussion. Purpose: Discuss consensus resolution.	Jennifer Morris, ICC Staff
2:30 – 2:40	Break	
2:40 – 3:20	TRC Reports	Chris Neme, Energy Futures Group, on

	<ul style="list-style-type: none"> • Questions for PAs: <ul style="list-style-type: none"> ○ How often are reports updated? ○ Are reports made available to SAG for posting? • Summarize current status of TRC reports. • Group discussion and preparation/dissemination of TRC reports in future. • Template needed? <p>Purpose: Seek agreement on timing/form/dissemination of TRC report in future, and whether a template is needed.</p>	behalf of NRDC
3:20 – 3:30	Closing	Annette Beitel

Attendee List

Annette Beitel, EE SAG Facilitator
Celia Johnson, SAG Senior Policy Analyst
Anthony Star, IPA
Brian Granahan, IPA
Bridgid Lutz, Nicor Gas
Cheryl Miller, Ameren IL
Chris Neme, Energy Futures Group, representing NRDC
Chris Vaughn, Nicor Gas
David Diebel, ADM
George Roemer, Franklin Energy
Hammad Chaudhry, Nicor Gas
Jennifer Morris, ICC Staff
Jim Jerozal, Nicor Gas
Keith Martin, Ameren IL
Keith Goerss, Ameren IL
Mike Brandt, ComEd
Phil Mosenthal, Optimal Energy
Rob Neumann, Navigant
Roger Baker, ComEd
Shraddha Mutyal, ERC/UIC
Suzanne Stelmasek, Elevate Energy
Ted Weaver, First Tracks Consulting, on behalf of Nicor Gas

Meeting Notes

Action items/follow-up is indicated in **yellow highlight**.

Overall Impacts to TRC (Chris Neme, Energy Futures Group, on behalf of NRDC)

- Chris Neme: Changes in this chart are relative to the way we did these things before NRDC raised these issues in the proceeding last fall.
- Keith Goerss: On last adjustment, utility admin cost – taking 6% off the number used last year
- Phil Mosenthal: Can discount rate be added? Societal discount rate would lead to an estimated 16% increase in benefits (with a 10-year measure life).
- Brian Granahan: What are the methodological assumptions with respect to DRIPE?
- Chris Neme: The 18% figure is based on the estimates in Paul C.'s original memo; this is also captured in the last version of the DRIPE Comparison Exhibit (impacts generally ending by year 12; bigger impacts are in earlier years). If DRIPE peters out faster, number will go down.
- **Action Items:**
 - Chris Neme will add discount rate and a section on low-income adders to the overall impacts to TRC chart.
 - **SAG ACT:** Celia will add the social discount rate versus cost-of-capital to Comparison Exhibit table. Updated chart will be posted to the TRC Subcommittee page prior to the Sept. 22nd meeting, with notice circulated to the TRC Subcommittee.

Policy Impacts (Keith Goerss, Ameren IL)

- Open Policy questions/legal questions
- Delineate how implications are different for 8-103 and 8-104 vs. IPA
- What programs/measures pass?
- Any unintended consequence?
 - Is there any way to address?
- How could law be fixed?
- 8-103 – 8-104 issues:
 - Impact on existing programs.
 - How would this get applied to joint programs? DRIPE won't be applied on gas side. Proposal is to apply to electric measures. Does this take the program over 1.0, or do we still have gas measures that are under 1.0? Do we roll it together and show that the program passes?
 - Ameren has received direction from ICC that they should not "over promote" non-cost-effective measures.

- Forcing gas customers to pay for non-cost-effective measures. Equity issues between gas and electric ratepayers. Gas ratepayers not paying for benefits that they deserve.
- IPA issues:
 - Impact on IPA programs.
 - Are the proposed changes consistent with intent of the IPA law? The Commission should decide whether some of these changes are in compliance with the intent of the law. IPA law was passed a few years after 8-103 and 8-104. IPA law uses “all cost-effective.” The IPA law states how TRC should be calculated. This is changing the calculation by adding new factors to the equation.
 - Chris Neme: This is about getting more accuracy.
 - Phil Mosenthal: Agrees.
 - Brian Granahan: Cost-effectiveness is very clear in the IPA law. Issues that are clearly described shouldn’t be opened up again.
 - IPA has fewer protections; scrutiny.
 - Does Commission have discretion?
 - How many gas measures covered by IPA process?
 - Policy - Do programs have to pass PAC?
- Brian Granahan: Additional issues –
 - What issues in law are settled?
 - What issues are open to interpretation?
- Summary of overall issues:
 - 1- How are the implications of these various issues different for 8-103 vs. IPA?
 - 2- What programs and measures are going to pass with these adders that wouldn’t pass under the current test as it is interpreted? How much does this expand the budget?
 - 3- What are the unintended consequences? If adders were adopted, what are the impacts?
 - 4- Are there policy and/or legal questions that we need to think about? Which are settled and which are still open?
- **Next steps:**
 - **SAG ACT:** Add a discussion item to the September 1st meeting – how can the IPA law be fixed?
 - Annette/Celia to follow-up with Keith Goerss on procedural ideas for circulation to the Subcommittee.
 - **SAG ACT:** A summary table will be prepared and circulated prior to the Sept. 22nd meeting.
 - **Subcommittee participants:** If you have additional policy issues to add to the list, please send by COB on **Friday, August 7th**.

Non-Energy Benefits (Annette Beitel, EE SAG Facilitator)

- Proposal to include NEBs in the IL-TRM Version 5.0 process:
 - Chris Neme: Yes, this is the best approach.

- Subcommittee is in agreement on this approach.
- Pros/cons of using IL-TRM to address NEBs:
 - Pros:
 - Established process; established end point.
 - Can address concerns about generic application. However, making things generic to groups of measures.
 - Will allow for more refined adders, so won't risk uneconomic choices that would result from "blended" adders.
 - NOTE: Some blended adders will still be needed, such as environmental adders for NOx and Sox.
 - Cons:
 - Can only address NEBs that are substantial. Won't have time and resources to tackle all of them.
 - Timing – TRM won't be filed until March 1st. From planning perspective, would like to be done earlier.
- Annette Beitel: Massachusetts has a good model for NEBs (an appendix). This may be something IL can use. VEIC can provide guidance on the form to use.
- **Next steps:**
 - Draft workpapers on existing measures are due August 1 to TRM Administrator. Participants that plan to submit NEBs with a measure should consult with VEIC as to form, but should identify: measure, level of NEBs, source.

Additional TRC Issues: Dual Baselines; Interactive Effects (Jennifer Morris, ICC Staff)

Dual Baselines

- The IL-TRM already describes how dual baselines should be measured. This language is not needed in the Policy Manual.
- Roger Baker: Concerned about policies being included in the TRM. This should be excluded from the TRM in the future.
 - Jennifer Morris: There is some clarification on specific measures within the IL-TRM, regarding dual baselines.
- No objections or questions on using Method 1. Nicor Gas will continue using Method 5 for planning purposes.
- **SAG ACT: Where should the dual baselines policy be included in the future? Add the issue to Policy Manual Version 2.**

Interactive Effects

- Roger Baker: ComEd has changed their policy going forward, to include in TRC
- Ted Weaver: Nicor Gas agrees to include in TRC if there were any electric interactive effects caused by gas measures. We try to track all of our performance without the therm penalty from the interactive effects being placed

on the gas company. (Business New Construction). There are probably a few other programs; will request Navigant's help in looking at this.

- Phil Mosenthal: There are likely interactive effects on furnace fans. Utilities should not take a penalty against savings they are achieving, when an alternate utility takes action (such as an electric utility installing lighting).
- Jennifer Morris: Option A would be the most simple – to include interactive effects for both savings goal and TRC purposes.
- Phil Mosenthal: There are 2 different types of interactive effects that we need to be clear about. For lighting, we have a waste-heat penalty in TRM. There are other interactive effects (for ex: you do insulation on a furnace). These are generally ignored and use TRM savings for that measure. For custom, interactive effects should be included. If it's a joint program, could see arguments either way.
 - Chris Neme: Agrees.
 - Roger Baker: The gas and electric goals are governed by two separate sections of the PUA. There is nothing in there that would allow either to take a penalty against their goal.
 - Phil Mosenthal: Agrees; doesn't see a public policy value in punishing gas utilities.
 - Keith Martin: A significant portion of gas customers only take gas service from us.
 - Ted Weaver: Gas companies should take credit for savings; gas companies shouldn't be penalized.
 - Phil Mosenthal: Supports this policy. The importance of the whole building analysis on custom is to capture interactions between measures. A negative impact should be included in screening, but the alternate utility shouldn't take a hit (savings penalty) for that. For custom, need to find a way to decide what to assign to each measure, for interactive measures. Suggestion to work through the evaluators to deal with this.
 - Ted Weaver: Interactive effects is more of an issue on new construction programs and RCx.
 - Chris Neme If you have a combination of measures and an electric and gas utility involved, the utilities receive the savings that are included in the TRM.
- **Next steps:**
 - Phil Mosenthal to review/propose edits to current IL-TRM language on interactive effects as alternate proposal. Subcommittee will discuss at September 22nd meeting.

TRC Cost Classification Follow-up

- No objections to the cost categories described in the presentation (slide 12).

TRC Reports (Various)

- SAG Facilitator proposal: Fold this discussion into Version 2.0 of Policy Manual.

How often are reports updated? Are these made available to SAG for posting?

- ComEd: Reports are updated as part of the annual evaluation cycle. These are provided annually. Roger Baker will check on the timing. The TRC Report is likely made available after other reports are completed. ComEd is fine making these available to SAG. TRC Reports are filed with evaluation reports.
- Chris Neme: Do reports only include the electric portion of the benefits?
 - Roger Baker: Will look at how we deal with this on the costs side.
- Jennifer Morris: For joint programs, aren't both gas and electric savings in the evaluation report?
 - Roger Baker: This is a coordination issue, because gas and electric utilities are on a different timeline. Preferred solution is to let the evaluator collect that data from both sides and try to consolidate it into a single report if that's what Staff needs.
 - Mike Brandt: It is a lot of work/effort on our part to put all of this information together for the utilities. Need to make sure there is value in providing this information. Do
 - Chris Neme: The value of this is in the economic value of what we are doing – to policymakers, etc. Ok with Roger's proposal for evaluator to provide. Would like to see a real TRC that includes all of the costs and benefits.
 - Phil Mosenthal: The best solution may be for everyone to agree to report annually; interested participants can just add the benefits together.
 - Chris Neme: Ok with this as long as there is coordination ahead of time so allocations are accurate.
 - Ted Weaver: Ok with this.
 - Roger Baker: Participant costs could be problematic.
 - Mike Brandt: Does it matter to include all costs/benefits if the TRC is high already?
- Ameren IL, DCEO, Nicor Gas, PG-NSG – TRC Reports to be discussed at a future Policy Manual Subcommittee meeting.

Next step:

- **SAG ACT: Move this discussion to Policy Manual version 2. There are a number of inter-related issues to other evaluation reports.**
 - Participants did not object to this approach. Keith Goerss suggests the Subcommittee also think about the right approach to compliance with the Policy Manual as well, when it goes into effect.

Upcoming TRC Subcommittee meetings:

1. Meeting #7, September 1st (IPA will present)

- a. Are there additional issues? Please send prior to Sept. 1st. Will circulate a reminder.
- 2. Meeting #7, September 22nd (final meeting for now – TRC Subcommittee will be tabled until later in the fall, to see if legislative action occurs.)
 - a. Discussion of updated draft TRC Report.
 - b. Consensus-building on outstanding issues.
 - c. Follow-up on policy issue discussion.
 - d. Discussion of Master Comparison Exhibit (cover other topics besides DRIPE)
 - i. This will include arguments for each side, including issues discussed by the TRC Subcommittee (may not necessarily identify specific parties).
 - ii. This will be circulated prior to the meeting on Sept. 22nd – if we did not capture a rationale, participants will be asked to comment in advance.
 - e. Procedural next steps.