

IL EE Stakeholder Advisory Group

Sub-Committee Meeting: ComEd C&I Self-Direct

Tuesday, April 15, 2014

10:00 – 12:00

Midwest Energy Efficiency Alliance

20 North Wacker Drive, Suite 1301

Call-In Number: 888-450-5996

Passcode: 734098#

Meeting Attendees:

Annette Beitel, EE SAG Facilitator
Celia Johnson, SAG Senior Policy Analyst
Mike Brandt, ComEd
Steve Baab, ComEd
Samantha Williams, NRDC
Adam Margolin, Quarles & Brady; REACT
Rick Flowers, FutureMark; REACT
Chris Townsend, Quarles & Brady; REACT
Chris Skey; Quarles & Brady; REACT
Roger Baker; ComEd
Patricia Sharkey, Environmental Law Counsel, representing MCA
Jonathon Jackson, Ameren Illinois
Shraddha Raikar, UIC
Stefano Galiasso, UIC
Nate Altfeather, Leidos
Andrew Cottrell, AEG
Chris Neme, Energy Futures Group, representing NRDC
James Fillar, Citgo; IIEC
Craig Sieben, Sieben Energy
Bob Stephens, IIEC
John Glenn, Charter; REACT
Cheryl Miller, Ameren Illinois
Neal Latham, ComEd
Keith Goerss, Ameren Illinois
Jennifer Hinman, ICC Staff
Tom Kennedy, ICC Staff
Mark Kelly, Caterpillar; IIEC
Byron Lloyd, DCEO
Agnes Mrozowski, Ameren Illinois

Introduction, Annette Beitel

- Non-consensus items were 3, possibly 4
 - 1) Whether the TRC test should be applied at project-level, or measure level
 - 2) Project cap of 40 cents/kWh as a program design element
 - 3) Customer eligibility; is the project limited to contiguous sites with load over 10 MW?

- 4) Possible non-consensus item: Whether DCEO customers would have a program similar to ComEd's program to participate in.
- If there is consensus at both Subcommittee level and large group, pilot can begin immediately
- There will be another Subcommittee meeting on April 22nd

Discussion of Action Item Responses

ComEd, Steve Baab – Savings

- Year-by-year breakout of savings in kWh, by program year, by measure. Participation has increased year-by-year, in step with the contribution rate increasing. No major change in program design.
 - Definition: first year annual gross savings.
- Tom K asked for contributions for group of customers.
 - Steve B: \$32.1 million
- Savings by measure category in kWh, years 1-5.
 - Lighting apx 38% of savings.
- Savings by customer, years 1-5. 40 have participated, out of 62.
- Chris T, REACT questions to ComEd (requested by spreadsheet):
 - Dollars contributed for each of 5 years
 - Incentive provided for each year of 5 years
 - Incentive provided for each measure, broken down by year
 - *Steve B, ComEd, provided during meeting; Chris T, REACT will take back.
- Tom K, Staff: What is the purpose of requesting this information?
- Chris T, REACT: To understand the numbers for purpose of a cap of 40 cents/kWh.
- Steve B, ComEd: 40 cents/kWh was proposed by looking at all measures.
- Chris Neme: Incentive per measure would be useful.

ComEd, Steve Baab – Program design element of payments not exceeding 40 cents per kWh

- Concern about projects that are gas-only or water-only savings, with no electric savings. Also project examples where there is a small electric savings, and majority of savings from gas or water.
 - ComEd gets credit from Navigant for only incremental efficiency gains for new equipment.

Tom K, Staff – Prudency question

- If program funded projects that were gas only, or very expensive on a cost/kWh basis.
- Staff supports a cap at 40 cents/kWh. Money coming from electric customers should provide electric benefits.

Alternative approaches to ensuring that gas funds are not spent on other

- Chris T, REACT does not have an alternative to put on the table. Will review data from ComEd further.

ComEd, Steve Baab – Eligibility

- Proposed definition is customer sites that are served under ComEd's "over 10,000 kW" delivery rate class.

- Intent of pilot is to test ways to improve participation for large sites that contribute abnormally large amounts to the fund compared to normal sites.
- Under 10 MW sites have participated in the program. When you get above 10 MW that is where ComEd sees a program gap.

Mark Kelly, Caterpillar; IIEC – Definition of large customers

- Proposed definition: A company would need at least a 10 MW site to qualify as an eligible customer, as a business entity. That company would be able to aggregate any site that is over 1 MW to qualify for program.
 - This should apply to a very small number of customers; should not be an administrative burden on ComEd.
 - Most desirable flexibility is on state-wide basis, realizes that isn't possible based on this pilot.
- Tom K, Staff: Concerned about this definition because ComEd said there is good representation in program already for medium-sized facilities. Not fair to companies that may have numerous large facilities over 1 MW but do not have a 10 MW site to qualify for pilot. Purpose of pilot is to allow companies to invest in energy efficiency for large facilities.
- Mark K, Caterpillar: Caterpillar has over 100 MW in various sites. Disagrees with current proposed classification of sites in this pilot. Will need to consult with larger membership of IIEC if ComEd's definition can be accepted.
- Steve B, ComEd: When you go down to over 1 MW, there are probably 2,500 sites (total). It is administratively difficult to determine sites that have 10 MW, and also 1 MW sites. Companies may be listed under different LLCs, etc. If ComEd opened pilot up to those sites, concern that too many customers would come forward. ComEd would consider revisiting this definition later.
- Mark K, Caterpillar: Should be able to look at 62 customers and whether any of those companies can demonstrate they have additional 1+ MW sites that could be aggregated under pilot.
- Chris Neme: Does Caterpillar have two different sites that are over 10 MW? Affiliated sites would be over 100 MW?
 - Mark K, Caterpillar: That total is statewide load. Specifically in ComEd territory, there are two sites between 5-10 MW, both less than 10.
- Tom K, Staff: Clarifying question about what projects could be done at Caterpillar sites. Concern about too much flexibility; it is possible that EE projects could be done at no 10 MW sites for this definition. Purpose of this pilot was a special program for underserved sites (over 10 MW).
- Mark K, Caterpillar: Looking at what is going to maximize funds in return for company, maximize kWh in savings from program. Subset of plants that are under 10 MW is smaller. Does not see a difference between sites (ex: company may have several buildings that are connected to one meter. Should not treat that differently than a company with sites that happen not to be connected to one meter.)
- Chris Neme: Concern that may get to a place of more demand than budget should accommodate. Would need to come up with system for screening customers in/out. Does it make sense to expand definition and create screening?
- Mike B, ComEd: If ComEd was to open up pilot more, would have to review the screening objective. Would not be able to open up for all 62. Pref to leave program open for 62, as is.
 - Proposed compromise to leave this open for 62 customers. Will ask customers who request to participate whether they have sites over 1 MW / affiliate loads. ComEd will determine whether it will be possible to include those other sites.

- Mark K to take this back to IIEC.
- Tom K, Staff: Commission approved pilot for 10 MW customers, this is a pilot.
- ComEd does not want to run out of budget and not reach savings targets.
- Other IIEC member (Bob): What about the 9.95 MW customer vs. the 10.05 MW customer? Anytime you draw a line there is an issue. Would the request for affiliate loads be limited?
 - Mike B, ComEd: ComEd would like to limit to over 5 MW customers for affiliate loads if possible.
 - Tom K, Staff: Concerned about going to affiliates at all. Instead, should see how participation goes with 10 MW customers. If not enough sign up to participate, could drop the program down to 8 MW customers, for example.
 - Bob: Missing out on synergy impacts of a corporate EE program.
- REACT has not taken position on this.

Steve B, ComEd: Savings update

- Savings per program, gross, since NTG values change each year.
 - Contribution per kWh saved.
 - Rate that customers pay into funds / kWh per year used bounces around. PY4 is an anomaly on the higher side, PY3 on low side.
- Tom K, Staff: was 40 cents for all customers?
 - Steve, ComEd: the 62 over 10 MW customers, contributions into the fund year by year. Amount may vary depending on when projects complete. Year to year variation may not be significant.
- Chris Neme: this is about how much \$ customers contribute/how much savings they get out.
- Steve B, ComEd: HVAC measures probably came out of standard program. Anything in custom program comes in at 7 cents per kWh. HVAC measures would be screened out.
- Chris Neme: Perhaps it makes sense to have a different cap for HVAC measures.
 - Steve B, ComEd: HVAC generally have a lower cost ratio.
- Steve B, ComEd: This information is based on the energy savings that these measures can get.
- Chris T, REACT: Are there projects that have been screened out until different levels?
- Steve B, ComEd: Pilot program may encourage customers to go after larger projects. Would want to define project cost on incremental for 'large ticket' items, otherwise would not be cost-effective.
- Roger B, ComEd: HVAC measures are cost-effective.
- Chris Neme: Determination of whether something is cost-effective will be a conversation with program evaluators.
- ComEd will not proceed with this pilot without a cap, unless there is something else that will help them reach savings goals.

TRC – measure-level or project-level?

- Tom K, Staff: Commission order states that multiple tests are required; order discusses measure and portfolio. Modifications listed were measure and portfolio cost-effectiveness. Thinks ComEd needs to use all three.
 - Mike B, ComEd: Agrees with Staff's interpretation of order but likes write-up provided by REACT/MCA. Could this be a motion to clarify?
 - Tom K thinks order is clear.
 - Mike B: ComEd does not perform measure-level in any program; Commission is putting handcuffs on program.

- Chris T, REACT: Thinks Commission would have included more information if they had intended this to be measure-level.
- Chris Neme: There is a possibility that Commission did not understand implications; there are good reasons not to do this at the measure-level. Can we proceed and get started and in parallel, ask for clarifications on this point?
 - Staff would not join in this request as consensus.
 - All other participants would come in on consensus.
- Chris T, REACT: Idea was to make this pilot easier, less administratively burdensome.
- Jennifer H, Staff: What measures are ComEd aware of that would not be cost-effective?
 - Steve B, ComEd: ComEd runs TRC on all prescriptive measures. There have been some that do not pass. It is generally measures that have higher capital cost, shorter measure life.
 - Chris Neme: There are measures that need to be done in order for larger measures to complete; the initial measures may not be cost-effective. Should focus on process.
 - Tom K, Staff: This should be allowed to happen. If they are combined measures that can't realistically be done separately, that's ok.
- Proposed approach: Pilot to proceed assuming that measure-level is that what was meant by Commission. ComEd/REACT will proceed jointly to work on motion to clarify.

Next steps:

- Mike B, ComEd to write-up compromise proposal for customer definition (by COB Wednesday 4/16)
- ComEd and REACT to work together on motion to clarify – will circulate to large group SAG in case other parties want to join.
- Meeting on Tuesday, April 22nd from 10:00am-Noon at MEEA
- Will bring pilot information to SAG at April 29th meeting