**IL EE Stakeholder Advisory Group**

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

Tuesday, March 25, 2014

10:00 – 12:00

**Midwest Energy Efficiency Alliance**

**20 North Wacker Drive, Suite 1301**

Call-In Number: 888-450-5996

Passcode: 734098#

*Meeting Notes and Attendee List*

**Attendee List**

Annette Beitel, EE SAG Administrator

Celia Johnson, SAG Senior Policy Analyst

Roger Baker, ComEd

Mike Brandt, ComEd

Samantha Williams, NRDC

Mike McCarthy, Nexant

Tim McAvoy, CLEAResult

Pat Sharkey, Environmental Law Counsel, representing Midwest CoGen Association

Dean Karafa, EDS Power Consulting, member of Midwest CoGen Association

Adam Margolin, Quarles & Brady, representing REACT

Chris Skey, Quarles & Brady, representing REACT

Rick Flowers, FutureMark Paper Group, member of REACT

Chris Townsend, Quarles & Brady, representing REACT

Chris Neme, Energy Futures Group, representing NRDC

Craig Sieben, Sieben Energy

Jennifer Hinman, ICC Staff

Tom Kennedy, ICC Staff

John Glenn, Charter, member of REACT

John Nicol, Leidos Engineering

Jon Jackson, Ameren Illinois

Mark Kelly, Caterpillar, member of IIEC

Neal Latham, ComEd

Steve Baab, ComEd

Agnes Mrozowsky, Ameren Illinois

Andrew Cottrell, AEG

**Background**

ComEd Final Order, Commission Conclusions (p74-75):

* Electric Self Direct Pilot Large C&I
  + The Commission notes that a broad consensus has now developed in support of a modified Large C&I Pilot Program. The same can be said for the proposal to iron out the implementation details in a collaborative process -- this proposal has broad consensus support, and there is no objection from any party to that approach. Accordingly, the Commission conditionally approves the modified version of ComEd's Large C&I Pilot Program, the framework of which is reflected in ComEd/REACT Joint Ex. 1, and directs SAG to engage its collaborative process to formulate the implementation details of the program.
  + Because there is a possibility that the final pilot will be different after collaboration at SAG, the Commission orders that the pilot specifics be filed in this docket. If the final pilot is based on a consensus at SAG and it complies with the following specifications, the pilot can be filed and no further action will be required. The Commission finds that any Large C&I Pilot must: 1) be cost-effective and any measure must pass the TRC, 2) be subject to EM&V, 3) require that customers pay all Rider EDA charges, with 40% supporting the EE plan in general and the remaining available to be refunded back to the participating customer, 4) 33% of project must be funded by customer, 5) projects must be completed within the three year planning period, and 6) unused funds will be returned to the general C&I pool of funds.

**Meeting Notes**

Items are color-coded by the following:

* Open issue
* Action Item
* Non-consensus issue

***Introduction, Annette Beitel, SAG Facilitator***

* Discussion will begin with issues presented on slide provided for SAG meeting on March 18th, but not discussed at meeting.
* Subcommittee will discuss proposed questions and issues, identify volunteers to draft responses to questions before next meeting.
* Program template will need to be complete by end of this process:
  + Yellow text on draft program template cannot be modified.
  + Marketing and delivery sections still need to be filled out.
* Intent is for subcommittee to reach agreement make a recommendation to the larger SAG.
* Will propose two additional subcommittee meetings before next SAG meeting – Tuesday, April 8th and Tuesday, April 15th.

***Discussion of Issues List, Annette Beitel, SAG Facilitator***

Tom K. Question: Is consensus on this pilot program required with SAG?

* ComEd – the goal is consensus; if not, will not be able to launch program on June 1st (Roger, Mike).
* REACT – consensus not necessarily required, but it is a goal, agrees program will not be able to launch June 1st if there are still issues remaining.

***1) Issue: Eligibility, recruiting and targeting***

***--How best to recruit participants equitably given limited funding and the need to ensure viable projects get done?***

* **Customer Information**
  + ComEd is concerned about releasing customer information
    - ComEd (Steve B) – Proposes to look at over 10 megawatt sites (62 customers), and launch the program through a webinar to those customers. Webinar would be promoted through ComEd account management team and email contacts. Webinar would explain the program and process. ComEd thinks pilot will need to include a cap- estimated at $8M per year.
* **Program timeline – when can customers sign up, for how long?**
  + Staff (Tom K) proposed an “open season” for the program, so that ComEd doesn’t arbitrarily choose customers/projects. Disagrees with idea of “first come first serve” for program participation.
    - ComEd (Steve B) – participation in this pilot moves the customer out of eligibility for Smart Ideas and into the pilot. Eligibility would be capped based on the contribution amounts of the customers that sign up. It is an open season for the 62 customers.
      * Budget is $5.1 million in Incentives per year?
    - ComEd (Roger B) said ComEd wants to alleviate issue of giving one customer a “one-up” over others; that is why they would do webinar with everyone, and would keep going until reaching the cost cap.
  + REACT (Chris T) – if EVERY customer signed up, how much $ would be in program?
    - ComEd needs to calculate how much these 62 customers contribute each year Action Item: ComEd to provide this.
  + Tom K concerned about customers who heard about program for first time during webinar; likely would need time to think about it, etc. Customers need to be treated equally.
    - REACT (Chris T) – this brings up the issue of free riders. This is a program that REACT has been championing. There should be recognition for the fact that companies have been trying to advance this issue.
      * Staff (Tom K) disagrees that this encourages free ridership.
    - Issue – parameters for program; first come first serve until $ runs out vs. open season.
      * ComEd (Mike B) thinks open season would only be a few days
      * Tom K. thinks season should be open for several weeks
      * Chris Neme: enrolling in pilot does not mean customer needs to come forward with a project.
      * REACT (Chris T) – customer can opt in, but is not locked into participating. Customers can opt back out and become eligible for other programs.
* **Customer opt-in / opt-out**
  + ComEd (Roger B, Mike B) – Following webinar, customers should be given 1 week to decide whether to enter pilot program
  + ComEd (Steve B) – Will need customers to sign some kind of application to be part of pilot, taking themselves out of standard program.
  + Staff (Tom K) – This will result in everyone opting in, if people have the option of opting back out. Should consider getting rid of opt out process, or put a duration on it, such as one year.
    - ComEd (Roger B); NRDC (Chris N) – The penalty for customers who opt-out is that they will have already committed money, and will forego what they have already paid in.
  + REACT (Chris T) – the Final Order includes language about opting out/back in.
  + Staff (Tom K) thinks customers do not lose anything by opting in right away. Thinks there should be a requirement that customers stay “opted in” for at least a year. This would create some incentive for not everyone to opt in.
    - ComEd (Steve B) supports the 1-year opt-in requirement.
    - Action Item: REACT will consider this – Chris T to take issue to group.
* **Can a customer opt-out, and another customer take their place?**
  + Environmental Law Counsel (Pat S) – If a customer opts out, is it an option for another customer to come in and take their place?
    - ComEd (Roger B) – Program could do a second open season, or maintain a waiting list.
    - Staff (Tom K) thinks this is an advantage to ComEd to make sure the $ gets spent.
    - REACT (Chris T) – This is fine.
    - NRDC (Chris N) – This depends on the budget; when someone drops out and doesn’t spend their $,
    - REACT (Chris T) – 1) you have to assume the customer is not pulling out 100% of dollars; 2) you cannot bump up $ in program.
  + REACT (Chris T): what is the cap on the dollars?
    - What is the actual incentive amount?
      * ComEd (Steve): $5M per year; anything over $5M is for admin costs.
      * Based on customer contribution, customers can utilize 60%.
    - Action Item: ComEd will lay out a spreadsheet of numbers.
* **Customer eligibility – does ComEd look at the aggregate load of multiple sites, or one specific site?**
  + Caterpillar (Mark K): Would you look at aggregate load of multiple sites, or one site? What is a company has two sites that are over the req of 10 MWs, and third site is under 10 MW? In the company’s perspective, sites are equivalent. Company’s desire is that a customer be a legal entity (like Caterpillar) as opposed to an account number with ComEd. It is more logical to look at program this way, otherwise would be penalizing a larger customer because it has multiple facilities.
  + REACT (Chris T) – A single site is the size requirement. Looking at 62 locations, not 62 accounts.
  + ComEd (Roger B, Mike B) – Pilot needs to be site specific at this time
  + Staff (Tom K) – Allowing multiple sites if some are under the req is an issue.
  + NRDC (Chris N) – Nobody is disputing that you need to have one meter that has 10 MWs to be under consideration. But is the eligibility for projects limited to a meter, a site, or a whole company?
  + REACT (Chris T) – We are looking at a class of customers in ComEd’s system. That class is based on an account; a qualifying account is 10 MWs. Once a company reaches that threshold, company has addt’l flexibility at other sites to complete a project.
  + ComEd – Considers multiple buildings to be “one site.” This situation often involves multiple meters, sometimes even multiple accounts. Since this is a pilot with a relatively limited amount of funds, should stick to this definition. Can re-visit this issue in the future.
    - There is a delivery rate class for ComEd accounts that qualify; there are 62 accounts that meet the req. ComEd could not administrative the pilot as effectively otherwise.

**Summary of Issue 1: Eligibility, recruiting, and targeting**

1. **What is the time period for opt-out, if there is one? Rule proposed that once a customer has signed up, they have to stay in program for 1 year.**
   1. **Open issue**
2. **Eligibility: is a customer eligible for projects limited to a meter, a specific site, or the whole company?**
   1. **Owning one account using over 10 MWs means you qualify for the program; but it also means that you could implement projects at other sites.**
3. **How does the group of customer applicants get selected? Either first-come first-serve or random selection?**
   1. **Non-consensus issue**

***Issue 2) Deadlines and progress updates***

***--Progress monitoring critical to ensure funds either get spent on pilot projects or can be appropriately redirected to the general pool in time to be used during plan period***

* **Progress monitoring**
  + ComEd (Roger B) – What is a customer’s progress towards the end? Engineering study completed, etc. Deadline is May 31, 2017, end of 3-year Plan for goal achievement.
    - Progress needs to be project-specific.
    - A customer should propose a timeliness/process for their project that achieves the goal, ComEd can vet it, and see that is gets achieved.
  + Agreed-upon approach: Project-specific milestones and payments for customers who opt-in to pilot.
* **What if a project is not on track for completion? How can funds be re-directed to general pool? What happens if a customer decides not to proceed?**
  + Facilitator (Annette B) – There should be a general period of time to determine this.
  + REACT (Chris T) – What is it that ComEd could absorb? Should be progress updates to SAG, progress updates to ComEd?
    - ComEd agrees that updates will be needed.
    - NRDC (Chris N) – There should be a hard deadline, to make commitments to spend the funds. If commitments aren’t made, $ will have to be re-directed.
    - REACT (Chris T) – There will be a deadline out there, but we shouldn’t establish rules right now for end timeframe. Should establish deadlines after year one, once there is more data.
    - NRDC (Chris Neme) – How much $ can ComEd absorb and effectively re-direct in a period of time? How much time does ComEd need?
      * ComEd (Steve B): Cycle time on business projects is about 5 months. ComEd would likely need to know at least 6 months ahead.
      * ComEd (Mike B): May need more than 6 months.
      * NRDC (Chris N): Answer may diff depending on how much $; could be a sliding scale deadline. Other jurisdictions include a req for making a commitment by a ‘drop dead date’ so that funds can be repurposed if need be. Range from 5 months to 1 year+. Thinks it is a mistake not to include a rule up-front.
      * Staff (Tom K) suggests if rule not decided now, there should be a disclaimer to customers that ‘down the road there may be limits to commitment.’
  + Environmental Law Counsel (Pat S) – Any customer waiting until the very end of 3-year period isn’t going to do a substantial project. Customers should do the planning/design piece within the first year. Customer should at least have a proposal after first year.
  + REACT (Chris T) has concerns about proposing timelines that are too short. For ex: it takes time to complete an engineering study, be absorbed within the company, etc.

**Summary of Issue 2: Deadlines and progress updates**

1. **Progress monitoring for projects – how will this be accomplished?**
   1. **Agreed-upon approach is to abide by project-specific milestones and payments. A customer should propose a timeline/process for their project that achieves the goal. ComEd can vet it, and see that it gets achieved.**
2. **Timelines**
   1. **How much time does ComEd need to repurpose funds?**
      1. **Sliding rule – depending on amount of $**
      2. **Burn rate of other programs also involved**
   2. **Should there be a time period by which a customer commits to a project, or else the funds get taken away from them?**
      1. **Timelines should be decided right now (NRDC)**
      2. **Timelines should be decided after the first year of pilot (ComEd, REACT)**

***Issue 3) Additional Cost-Effectiveness beyond TRC***

***--Concerns raised that projects with little electric savings could consume significant funding***

* **What if a project saves gas, etc., but not much electricity?**
  + ComEd (Roger B): Concerned about this. Steve B’s proposal on BTUs.
    - Caterpillar (Mark K): Consider water savings.
* **Which cost test to use?**
  + NRDC (Chris N) – Utility cost test is simple (assuming project passes TRC). Need to ensure that electric ratepayer dollars are not greater than electric ratepayer benefits.
  + ComEd (Roger B) – Concerned about customers not understanding cost tests.
  + ComEd (Steve B) – Come up with what % of a project is electric-saving attributes of that project, using BTU, or avoided cost proration.
  + REACT (Chris T) – This process is supposed to be simple, to allow customers to access $. Concerned about adding another test besides TRC. Customer management is not going to take the time to understand cost tests.
    - ComEd (Mike B): Does not want to make this more complex, but there are penalties if ComEd does not meet the req energy savings.
    - REACT (Chris T): Suggested ComEd look at using a maximum cost per kWh (first-year) instead (look historically at how ComEd has done).
      * Action Item: ComEd to provide; for over 10 MW accounts, what is it that ComEd has been able to achieve in savings (as a cost per kWh) over the past 3 years (Steve B).
      * NRDC (Chris Neme): Agrees this can be approximated.
* **Cost-effective measures or cost-effective projects? How will ComEd ensure that program funding is going towards projects that save electricity, and not something else?**
  + Pilot program must be cost-effective.
  + Staff (Tom K) – Order states pilot must use cost-effective measures; cost-effectiveness needs to be completed on a measure-basis.
    - NRDC (Chris Neme): Some measures are not as clear-cut. Ex: a project that saves, electric, gas and water passes the TRC. Project needs to generate enough electric benefits to justify electric $ spend.
    - Facilitator (Annette B): Projects must be cost-effective per projects.
    - ComEd: A project is typically a measure. You cannot separate a specific pump from the rest of the system in a given project.
    - ComEd (Steve B): it isn’t possible to do TRC measure-by-measure; requirement is for the whole project. Need to look at holistic view of project.
    - REACT (Chris T): Idea is not to add-in administrative costs.
    - NRDC (Chris N): there may be projects that have hundreds of measures. Cost-effectiveness at the measure-level is not what the Commission intended. Action Item: Chris N requested that ComEd run the screening tool to find the net present value of 1 kWh saved over 10-15 years (Roger B).

**Summary of Issue 3: Additional cost-effectiveness beyond TRC**

1. **What if a project saves a lot of gas but only a small amount of electricity? Could use BTUs, or the Utility Cost Test (assuming the project passes TRC).**
   1. **Suggestion to use a cost per kWh (first year); ComEd to provide detail on past three years.**
2. **Should a measure-level TRC or project-level TRC be used?**
   1. **Non-consensus issue**
      1. **ComEd does project-level TRC for custom program.**
      2. **Tom K thinks it should be measure-level in certain situations, for this pilot program.**

**Issue 4) Reporting Requirements**

**--Clear, uncomplicated process needed to support projects without being overly burdensome to participants**

**--Allows participants to know how much EDA funding is available to them**

* REACT (Chris T) – This is an iterative process; not necessary to create a number of burdens for participants.
* Example Process for program participation:
  + Intent to participate (Customer to submit form)
  + Timeline
  + Project-specific progress reports
* ComEd will report back to SAG (ex: administrative costs). ComEd will provide detail in quarterly reports.
* ComEd will provide information to customers. ComEd proposes providing a monthly or quarterly report to each customer, including energy use and how much customer has paid into program. Action Item: ComEd will talk to their accountants for details.
  + Most customers know this information already.

**Summary of Issue 4: Reporting requirements**

1. **ComEd reporting to the SAG**
   1. **Will include details in quarterly summary report to SAG**
2. **ComEd reporting to customers**
   1. **Either monthly or quarterly reports to each customer, showing what they have used/what they paid into program.**

**Next Steps:**

* Celia to summarize and send out attendee list and meeting notes, action items, assignments, schedule for following meetings
* Next subcommittee meeting is Tuesday, April 8th (10am-Noon)
  + Meeting will include discussion of written responses, focus on non-consensus items, fill out two open sections of draft program template.
  + Provide draft answers/follow-up information to Celia by next Wednesday, April 2nd – will circulate to subcommittee members
* Final subcommittee meeting is Tuesday, April 15th (10am-Noon)
  + Finalize program template, finalize responses to questions
  + Goal is to circulate work products/other information to SAG by April 22nd
  + Subcommittee will meet on Tuesday, April 22nd if necessary, either by teleconference or in-person