

IL EE Stakeholder Advisory Group

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

Tuesday, April 8, 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

John Cuttica, UIC

David Baker, DCEO

Jonathan Jackson, Ameren Illinois

Mark Kelly, Caterpillar, IIEC

Neal Latham, ComEd

Cheryl Miller, Ameren Illinois

Tom Kennedy, ICC Staff

Agnes Mrozowski, Ameren Illinois

Chris Neme, Energy Futures Group on behalf of NRDC

John Nicol, Leidos

Stefano Galiasso, UIC

Mike Brandt, ComEd

Roger Baker, ComEd

Samantha Williams, NRDC

Steve Baab, ComEd

Keith Goerss, Ameren Illinois

Adam Margolin, Quarles; REACT

Rick Flowers, FutureMark; REACT

Chris Townsend, Quarles; REACT

Chris Skey, Quarles; REACT

Pat Sharkey, Environmental Law Counsel; Midwest Cogeneration Association

Andrew Cottrell, AEG

Shraddha Raikar, UIC

Craig Sieben, Sieben Energy

Introduction, Annette Beitel, EE SAG Facilitator:

- Intent is to reach consensus to circulate updated program template to SAG.
- Two additional meetings scheduled: April 15 and April 22 (may not need to meet on April 22).
- Overview of non-consensus items from last meeting.

Q&As from ComEd:

1) Calculate how much the 62 customers contribute to the EEP each year.

- *Response from ComEd: The 62 customers use approximately 6.7 billion kWh and will contribute approximately \$10.5 million annually into the EE portfolio in PY7.*
- Chris T, REACT: Are those payments by the customers?
 - ComEd: Contributions into the total fund (including DCEO).

2) What is the actual incentive amount, based on customer contributions (60%?)

- *Response from ComEd: Actual incentives would be \$5 million per year. Assuming 60% of customer contribution goes to incentive, total customer contribution could be \$8.33 million.*
- Chris T, REACT: This should have an assumption built in. How much would customers use?
 - Steve, ComEd: this is hard to predict. Generally these customers are under-participating. Leaning towards opening up program to all 62 customers. It is fairly low risk that all would sign up and all would participate to the max amount.
- Pat S, Enviro Law Counsel: Why was \$5 million selected?
 - ComEd: It was not selected based on anything specific.
- Proposal from ComEd: pilot would be opened up to all 62 customers. All participants agree.
 - This resolves the concern of how to select customers.
 - If ComEd happens to go over \$5m, they can find a way to accommodate.
- Does this eliminate the issue of requiring customers to be in program for one year?
 - Will circle back when we get to question 7.

3) How much money can ComEd absorb and effectively re-direct in a period of time, if needed? How much time does ComEd need? Answer may be different depending on amount of money, burn rate of other programs; answer may involve a sliding scale.

- *Response from ComEd: \$1m with 6 months notice, \$2m with 12 months notice.*
- Steve, ComEd: Could use \$1 million in Smart Ideas if needed to be redirected into other programs. Assumption is that this pilot has excess funding that cannot be used. That much is on par with what ComEd has historically seen with bonus offers.
- Pat S, Enviro Law Counsel: Concern about getting people to participate with a project by assuring them that funding is available. How could funds be redirected to other customers within the pool? There may be other customers that have paid in but end up not using the program.
- Tom K, Staff: Has ComEd looked at Puget Sound program for an example?
 - ComEd: No, haven't looked at.
 - Samantha W, NRDC: That \$ was going back into general pool.
 - ComEd, Mike B: Can take the \$ and put it back in where it makes sense. Can consider keeping money in pilot. ComEd would need time to look at Puget Sound approach; prefers to decide this after one year of pilot.
 - i. Chris T, REACT: Agrees, after 1 year will understand issues/structure of program.
 - ii. Pat S, Enviro Law Counsel: Concerned about waiting a year due to losing time for projects.
 - iii. Chris T, REACT: Shouldn't wait for a '1 year anniversary', will look at this as year goes on.
 - iv. Mike B, ComEd: Can look at customer base, ask customers what is being used after 6 months.

- v. Roger B, ComEd: Customer will have to show savings, cost, and cost-effectiveness for proposed projects.
- o Samantha W, NRDC: Puget Sound program somewhat unique; after 3 years, funds go into general pool and there is a competitive bid in 4th year. It makes sense to build in a 1 year check.
 - i. Chris Neme: Agrees; this is a pilot, not sure how many people will sign up. Should come back to this question.
 - ii. Group decision to look at this every 6 months. Funds may be directed back into pilot program pool or general Smart Ideas pool, but this will be reviewed and decided later depending on how pilot program goes.

4) In considering a maximum cost per kWh (first year), ComEd to look historically at last five (5) years to determine the amount qualifying customers have been contributing (those 62 customers at 10 megawatts or larger). What has ComEd been able to achieve in savings from customers, based on \$ spent, during first year by kWh?

- *Response from ComEd: Over the last 5 years, over 10 MW customers have contributed \$32.1 million and program savings for this same class of customers is 79.4 GWh. Based on these numbers, the maximum incentive cost per kWh should be 40 cents per kWh.*
- Steve B, ComEd: Proposes building in a maximum of 40 cents per kWh.
 - o Chris T, REACT: Requested additional details. What types of progress does this encompass, in what years? Does ComEd have add'l data about DCEO customers?
 - Steve, ComEd: Smart Ideas has been 2/3 lighting. In over 10 MW customers, there have been some very active customers that have gotten more \$ out than they have contributed. These savings numbers are across standard, customer, RCx, industrial systems, new construction.
 - ComEd has this information by customer, but not by year. Can have data person break that out – savings by customer, in each year, per measure; 1) types of projects, including end uses/aggregate; 2) participation by program year and by measure. Out of 62 customers, 65% have achieved savings through program. This does not include DCEO. There are an additional 18-20 above 10 MW that fall under DCEO.
 - o Chris T, REACT: Is \$32.1 million paid in EDA charges?
 - Steve, ComEd: Yes that is total payment. 25% goes to DCEO, 3% goes to EMV, etc.

5) Run a screening of the net present value of 1 kWh saved, over 10-15 years.

- *Answer from ComEd: The table below provides these numbers for ComEd's large C/I class, which has an 83% load factor. It also assumes a project with savings over the full year (non-seasonal savings).*

Lifetime	Gross Avoided Cost per kWh
5	\$0.413
10	\$0.763
15	\$1.049

- Roger, ComEd: setting a 40 cents per kWh ceiling, that would produce at least as many electric benefits as payout. Measures that are hard-capital will be in 15-year range.

6) What information will ComEd provide to customers? ComEd proposes either monthly or quarterly reports, showing how much energy customers have used and what they have paid into the program (ComEd to talk to their accountants).

- *Answer from ComEd: ComEd proposes to provide each customer a customized quarterly report that details how many dollars they have contributed to Rider EDA, how many dollars are available for their individual EE projects.*
- Steve, ComEd: Amount that can be pulled out of funds should be tied to commitment to pilot. If a customer commits to full 3 years, they should be able to pull out a full 3-year contribution at any time during that period. Proposes that customers opt to a commitment period for pilot. This would allow them to get an advance on funds. After commitment, they could go back to Smart Ideas program, or re-enroll in pilot.

7) Can customers participating in this program borrow against future contributions? This is a 3-year savings goal, with three 1-year budgets. If budget for program has not been collected yet, how does ComEd pay it to customers?

- *Answer from ComEd: The length of commitment to the large C&I pilot and the ability to withdraw from future contributions should align. For example; customers enrolling in the program for the minimum one year commitment would be limited to the advance payout of funds of no more than 1 year's EDA reserve (set at 60% times the estimated annual Rider EDA contributions based on prior calendar year's energy use times the effective per-kWh rate). Customers that commit to the entire three year length of the pilot would be able to receive payouts equal to their estimated 3 year future Rider EDA contribution amounts times 60%. Funds not spent from a year would roll into future years. Funds not spend over the timeframe of the pilot would be moved into the general EE fund.*
- A: What types of measures will be eligible?
 - ComEd, Roger B: Since we are using a cost cap and the TRC, these concerns should be resolved.
 - Chris T, REACT: Order says this looks to TRC. Chris T said he did not propose this cap, he only asked for information. Needs full information about any other test that will be used.
 - i. ComEd, Steve: Could go another way, but it will be more complicated for customers. ComEd does not want pilot to be funding non-electric savings. There needs to be another way to look at a project beyond TRC, if cap is not the answer.
 - ii. REACT, Chris T: Has ComEd seen a project that passes TRC but there is not a significant electric component?
 - ComEd, Steve: Yes. Such as a project including a variable speed drive. 40 cent cap is intended to allow ComEd to only pay for electric savings.
 - REACT wants to see more data in order to determine if 40 cents per kWh makes sense.
 - iii. Pat Sharkey: Question about CHP plays into this.
 - iv. Open issue: How do we avoid paying for non-electric savings?
 - ComEd proposal: using 40 cents per kWh cap. Will consider other options.

8) Issue: Incentives should only pay for energy efficiency projects.

- *Answer from ComEd: The objective of this program is to obtain greater participation from ComEd's largest customers, with corresponding increases in electric energy savings. The original pilot attempted to address this by limiting the amount of funds that could be spent on non-project costs; however, if the per-kWh cost cap proffered by Chris Townsend is accepted, then that cap should suffice without the further limitation on non-project cost expenditures.*
- Covered above.

9) Provide guidelines on how long is needed to re-purpose funds.

- *Answer from ComEd: See answer to #3 above.*
- Covered above.

REACT Action Item 1:

- This no longer an issue since pilot will be open to all customers.

REACT Action Item 2:

- REACT, Chris T: REACT talked to DCEO, and DCEO said they have a general understanding with ComEd. Statute doesn't say the entity can only receive funds from DCEO, it says that DCEO reaches out to those customers.
- A: Would DCEO be willing to offer a similar program? Annette will follow up with Mel Nickerson and David Baker to see if they can come to table about this.
- REACT, Chris T: Program through DCEO would be a bit different based on how DCEO operates the program.

Pat Sharkey, Enviro Law Counsel:

Discussed CHP with ComEd and REACT. Need to understand how energy savings is calculated. This will be worked out with another subcommittee on CHP.

- A: Question on free-ridership. Need to ensure that a project is determined in advanced not to be a free rider.
 - ComEd, Steve: Will bring in evaluator in this discussion.

Other discussion:

- Tom K, Staff, mentioned concerns about customers not using funds; submitting a request to cover all funds they are eligible for but not actually using the funds.
 - Group suggested approach to look at this every 6 months. Tom K ok with this.

Discussion of cost cap proposal:

1) Is an additional screen beyond TRC necessary? (REACT, Chris T)

- ComEd believes that it is, because they have seen projects proposed that would pass TRC but would not have substantial electric savings. This is not a "screen" but a program design element.
- ComEd to provide email explanation of using cost cap, will include examples.
 - Another example issue is a number of these customers have opted out of paying into gas EE program. This means a project saving gas is funding EE measures that they did not pay for.

2) If there is an additional test or program design element to be used, what is that test or program design?

- Definition test – not a lot of support for this
- Cents per kWh – ComEd proposal
- What other tests should be considered? Utility Cost Test (but this is much more difficult for customer to understand)

Pat S, Enviro Law Counsel: what is the legal justification for adding a second test beyond TRC?

- Mike B, ComEd: Limitations are needed to ensure electric savings are achieved.
- Keith G, Ameren: This should not be thought of as a test, think about it how to look at the proper level of incentives for the program. Utilities are generally granted flexibility in offering programs.
- Pat S: Concern about companies having the flexibility to do things for their company.
- Mike B, ComEd: ComEd cannot pay an infinite amount for a kWh.
- ComEd, Steve: Example of a customer wanting to replace a number of steam traps. This has zero kWh savings and all therm savings; but it would pass TRC.
 - Roger B, ComEd: This is why ComEd has the ability to create program design.
 - Chris Neme: This program was not fully designed; there was a skeleton of a design, we are trying to fill it out. We need to remember this is a pilot, electric savings program. Now we are at the question – how much is too much?
 - Chris T, REACT: Issue is there is not an electric requirement in the statute.
 - Tom K, Staff: The law is about electric energy efficiency.
 - Keith G, Ameren: Where do we meet the obligation under the approved orders to meet the electric savings, if projects are approved that provide benefits that are not electric-relate?
 - Ameren IL does have in its order a specific savings target for a large C&I program. ComEd does not have this.
 - REACT, Chris T: Order approved reduced goals for ComEd.
 - ComEd, Mike: ComEd cannot move forward with this without additional limitation.
- ComEd requests that other parties come back with a proposal. (All)
- ComEd to provide information on cap in other types of measures. It is 16 cents in PY7 (Mike B). This is net, not gross.

Discussion of non-consensus items from March 25th meeting:

1) How will customers be targeted and recruited?

- a. Customers will be informed of offer through Webinar and assigned Account Representatives. Customers will have limited time (1 week) to identify intent to participate.
 - i. Non-Consensus: If over-subscription, how will customers be selected? First come, first serve, or random.
 - ii. Open Issues: Once customers have indicated intent to participate, may they “opt out” in the first year?

Resolved; Pilot will be open to all customers.

2) How does the group of customer applicants get selected? Either first-come first-serve, or random selection?

- Mark Kelly, Caterpillar; IIEC: It doesn't make sense from a company perspective to have sites that are under 10 MW that are not eligible, when company has several sites over 10 MW.
 - Steve, ComEd: Eligibility is based on the site. Goal of pilot is to reach over 10 MW customers. Understands the issue.
 - Roger, ComEd: Since this is a pilot, cannot expand at this time.
 - Mark Kelly will take this back to IIEC on whether they find this to be non-consensus item.
 - Pat S, Enviro Law Counsel: Customer with a 10 MW site and an under 10 MW site can still participate in Smart Ideas program for smaller sites.
 - ComEd: Yes.

3) Timelines

- a. Should there be a time period by which a customer commits to a project, or else the funds get taken away from them?
 - i. Timelines should be decided right now (NRDC)
 - ii. Timelines should be decided after the first year of pilot (ComEd, REACT)

Chris Neme: Is there a timeline by which a customer has to show they are using the funds? What should happen to the funds that customers sign up for and do not use?

4) Should a measure-level TRC or project-level TRC be used?

- a. Non-consensus issue
 - i. ComEd does project-level TRC for custom program.
 - ii. Tom K thinks it should be measure-level in certain situations, for this pilot program.
- Pat Sharkey, Enviro Law Counsel: Group should review language of order.
 - ComEd: Language of order talks about project-level cost-effectiveness. Others agree except Staff (Tom K).
 - Pat Sharkey / Chris T to draft interpretation of Final Order language from ICC.

Next steps:

- Will meet on April 15th in person, at MEEA, 10:00am-Noon.
- Action Items will be due by COB this Friday, and will be circulated first thing Monday morning.