

Overview of SAG Portfolio Planning Process

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Joint IQ North/IQ South Advisory Committee Meeting

Thursday, April 9, 2020

Agenda

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 - ▶ Process to Submit EE Ideas
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SAG Background

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SAG Background

- ▶ The Illinois Energy Efficiency Stakeholder Advisory Group (SAG) was **created in 2008** by direction of the Illinois Commerce Commission (ICC), when the first electric Energy Efficiency Plans (EE Plans) were approved by the ICC
- ▶ SAG is an **advisory body** that focuses on:
 - ▶ Educating the IL stakeholder community on EE programs and a variety of EE issues
 - ▶ Building trust among parties with various interests
 - ▶ Providing a forum for narrowing differences among parties
 - ▶ Engaging in constructive discussion; inviting parties to offer constructive approaches and solutions to issues
 - ▶ Building consensus agreement on policy and technical issues, in an effort to reduce or avoid future litigation

SAG Background (cont.)

- ▶ SAG participation is **open to all interested parties**, unless a topic presents a financial conflict of interest
 - ▶ Current SAG distribution list -> over 300 individuals representing 100+ organizations
- ▶ Categories of Participants
 - ▶ **Utilities:** Ameren Illinois, ComEd, Nicor Gas, Peoples Gas & North Shore Gas
 - ▶ **Advocates:** Citizens Utility Board; City of Chicago; Environmental Law & Policy Center; IL Attorney General's Office; Natural Resources Defense Council; National Consumer Law Center; Etc.
 - ▶ **State Agencies:** Illinois Commerce Commission (ICC) Staff; Illinois Department of Commerce and Economic Opportunity
 - ▶ **Other:** Community-Based Orgs and Community Action Agencies; Evaluation Contractors; Program Implementers; Trade Organizations; Manufacturers; Vendors; Etc.
- ▶ Additional information on SAG website: [SAG Background](#)

SAG Website

- ▶ Visit www.ILSAG.info
 - ▶ Provides transparency for IL EE activities
- ▶ SAG website includes:
 - ▶ Agendas, meeting materials and notes for 10+ years of SAG meetings
 - ▶ Evaluation materials - program evaluation reports, research results, evaluation plans
 - ▶ List of participating organizations
 - ▶ Utility reports on EE portfolio progress (quarterly and annual reports)
 - ▶ Other resources:
 - ▶ Links to all ICC EE dockets
 - ▶ Potential Studies
 - ▶ IL Technical Reference Manual resources

Coordination with IQ Advisory Committees

- ▶ **Income Qualified EE Advisory Committees (IQ North and IQ South Committees) are separate from SAG**, with the goal of convening and receiving input from Community-Based Organizations, implementers, and utilities on pressing energy needs facing income qualified customers
 - ▶ Creation of an income qualified/income eligible “advisory committee” was directed by statute (Future Energy Jobs Act or FEJA) in 2017:
 - ▶ *The electric utilities shall also convene a low-income energy efficiency advisory committee to assist in the design and evaluation of low-income energy efficiency programs. The committee shall be comprised of the electric utilities subject to the requirements of this Section [8-103(B)(c)], the gas utilities subject to the requirements of Section 8-104 of this Act, the utilities' low-income energy efficiency implementation contractors, and representatives of community-based organizations.*
 - ▶ IQ North and IQ South Committees launched in spring 2018
 - ▶ IQ North and IQ South Committees are facilitated by Future Energy Enterprises
 - ▶ SAG Facilitator regularly coordinates with IQ Advisory Committee Facilitation Team

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IL Energy Efficiency Portfolio Overview

What drives energy efficiency in Illinois?

- ▶ The **Energy Efficiency Portfolio Standard (EEPS)** was passed in 2007 by the Illinois General Assembly, directing the electric utilities Ameren Illinois and ComEd to offer EE programs
 - ▶ Programs are funded by ratepayers (monthly bill charges)
 - ▶ Electric programs began in June 2008
 - ▶ Gas EEPS passed in 2009, for Ameren Illinois (Gas), Nicor Gas, Peoples Gas & North Shore Gas - gas programs began in June 2011
 - ▶ The IL Department of Commerce and Economic Opportunity previously administered 25% of the funding to serve low-income households, public sector facilities, and market transformation programs across the state
 - ▶ Following the passage of FEJA (June 2017), utilities began administering EE to the segments above beginning Jan. 1, 2018

- ▶ **Illinois utilities offering EE programs:**
 - ▶ Ameren Illinois (gas + electric, central and southern IL)
 - ▶ ComEd (electric, City of Chicago + northern IL)
 - ▶ *MidAmerican Energy (western IL) - does not participate in SAG*
 - ▶ Nicor Gas (gas, northern IL)
 - ▶ Peoples Gas (gas, City of Chicago)
 - ▶ North Shore Gas (gas, northern IL suburbs)
- ▶ EE Plans are developed by the utilities on a **4-year cycle**
- ▶ EE Plans **require approval by the ICC**
- ▶ Portfolios are **required to be cost effective** - Illinois uses the Total Resource Cost Test (TRC Test)
 - ▶ *Total resource cost test" or "TRC test" means a standard that is met if, for an investment in energy efficiency... the benefit-cost ratio is greater than one. The benefit-cost ratio is the ratio of the net present value of the total benefits of the program to the net present value of the total costs as calculated over the lifetime of the measures...*
 - ▶ Each utility EE portfolio must have a TRC Test result of 1.0 or greater
 - ▶ Income qualified/Income eligible programs not required to be cost-effective

IL EE Sectors - Business and Residential

▶ Business Program Examples

- ▶ Efficient lighting (LEDs)
- ▶ HVAC upgrades
- ▶ Custom
- ▶ Retro-Commissioning
- ▶ LED Street Lighting
- ▶ Agriculture
- ▶ Public Sector (local gov't, municipal corporations, school districts, community colleges)

▶ Residential Program Examples

- ▶ Income Qualified or Income Eligible offerings
- ▶ Single Family and Multi-Family customers
- ▶ Efficient lighting (LEDs)
- ▶ EE education (EE kits distributed to schools)
- ▶ Behavior change (EE behavior reports to customers)
- ▶ Weatherization (air sealing, insulation)
- ▶ HVAC upgrades
- ▶ Appliance recycling and appliance rebates

IL EE Sectors - Other

▶ Research & Development

- ▶ Emerging technology / breakthrough equipment programs
- ▶ Research projects to identify new EE opportunities
- ▶ Statutory budget carve-out (maximum): 3% of portfolio for gas; 6% for electric

▶ Market Transformation

- ▶ Defined as: “the strategic process of intervening in a market to create lasting change that results in the accelerated adoption of energy efficient products, services and practices.”

▶ Third Party Programs (electric)

- ▶ Programs began in 2019, as required by statute (FEJA)
- ▶ Utilities identify sector, technology, or geographical area for which it seeks proposals

▶ Voltage Optimization (electric)

- ▶ Installing hardware and software systems on the electric power distribution grid to achieve voltage and reactive power optimization
- ▶ No direct customer engagement; savings achieved by operating the voltage and reactive power controls on VO-enabled feeders and substations

Utility EE Budgets and Savings

- ▶ **Gas and electric spending caps and savings targets set by statute**
 - ▶ Gas - incremental annual savings as a % of sales (2% cap)
 - ▶ Electric - cumulative persisting savings as a % of annual sales
 - ▶ EE measures with a longer life are prioritized due to persisting savings targets
- ▶ **Budget and savings targets for 4-year EE Plans require approval by ICC**
- ▶ **Illustrative Savings Example**
 - ▶ Gas utilities count “first year savings” towards savings goals
 - ▶ Example: Savings from the installation of a new efficient furnace count in the year it was installed
 - ▶ Electric utilities count “persisting savings” towards savings goals (starting in 2018)
 - ▶ Example: Savings from the installation of a new LED light fixture for a fixed number of years

Electric Portfolio Budget Requirements

- ▶ **Minimum Statutory Spend Requirements (per FEJA):**

- ▶ Income Qualified

- ▶ ComEd: \$25 million/year

- ▶ Ameren IL: \$8.35 million/year

- ▶ Public Buildings

- ▶ ComEd: 10% of total budget

- ▶ Ameren IL: 7% of total budget

- ▶ Public Housing: equal to share of public building kWh use

- ▶ Third Party Programs

- ▶ ComEd: \$25 million/year

- ▶ Ameren IL: \$8.35 million/year

IL Statewide Technical Reference Manual

- ▶ Development of a statewide Technical Reference Manual was **directed by the ICC**
- ▶ The IL-TRM contains **consistent technical values** for EE measures - this provides certainty on savings utilities count for EE programs
 - ▶ The IL-TRM is **updated annually**, to discuss proposed new measures and changes to existing measures
 - ▶ Annual TRM update **requires approval by the ICC**
 - ▶ Update process is **independently facilitated** by a contractor (currently Vermont Energy Investment Corp. (VEIC))
- ▶ **IL-TRM Version 8.0** was approved by the Commission in Dec. 2019
- ▶ Update process for **IL-TRM Version 9.0** began recently
- ▶ **Additional information on SAG website:** [IL-Technical Reference Manual](#)

Independent Evaluation

- ▶ Illinois EE programs are subject to **independent evaluation**
 - ▶ **EE programs are reviewed by independent evaluators**; consulting companies under contract with each of the utilities (currently Guidehouse and Opinion Dynamics)
 - ▶ **A maximum % of each utility's budget (3%)** may be dedicated to evaluation, per statute
 - ▶ **Evaluation reports are prepared on an annual basis** - drafts are made available for review by interested stakeholders and posted on the SAG website
- ▶ Evaluators also complete **additional research/studies**, as time and resources allow
- ▶ Evaluators present **draft evaluation plans to SAG** for review and discussion on an annual basis
- ▶ **Additional information on SAG website:** [Evaluation Documents](#)

Policy Manual

- ▶ Development of a statewide Policy Manual was **directed by the ICC when approving the 2014-2017 EE Plans**
- ▶ As described in Policy Manual Version 2.0:
 - ▶ *The Policy Manual provides guiding principles for procurement, oversight, evaluation and operation of the electric and gas EE Programs*
 - ▶ *The principles and policies were derived from Commission orders, policies and procedures developed by the SAG, as well as Best Practices from state Energy Efficiency Programs delivered throughout the nation.*
- ▶ **Additional information on SAG Website: [Illinois EE Policy](#)**
 - ▶ [Click here to download Illinois Energy Efficiency Policy Manual Version 2.0](#)

Additional Information

▶ Recent SAG Presentations on EE Portfolios:

- ▶ [Ameren Illinois PY2019 Results Overview](#)
- ▶ [ComEd Portfolio Overview](#)
- ▶ [Nicor Gas Portfolio Overview](#)
- ▶ [Peoples Gas & North Shore Gas 2019 Program Review Presentation](#)

▶ Utility EE Progress Reports:

- ▶ [Utility Reports](#) page of SAG website. Links to Q4 2019 Reports:
 - ▶ [Ameren Illinois 2019 Q4 Report](#)
 - ▶ [ComEd 2019 Q4 Report](#) and [ComEd Emerging Tech Project Catalogue Q4 2019](#)
 - ▶ [Nicor Gas 2019 Q4 Report](#)
 - ▶ [Peoples Gas & North Shore Gas 2019 Q4 Report](#)

▶ Evaluation Results:

- ▶ [Final Evaluation Reports](#)
- ▶ [Evaluation Research](#) + [Evaluation Plans](#)

SAG Portfolio Planning Process

SAG Portfolio Planning Process

- ▶ A **forward-thinking and consensus-seeking process** that provides an opportunity for utilities and stakeholders to work collaboratively on discussing the next 4-year Energy Efficiency Portfolios
 - ▶ **Objective:** To reach consensus on IL utility EE Plans for 2022-2025
 - ▶ **Topics:** SAG will address foundational issues to EE Plan development, including: budgets, Portfolio objectives, program ideas, and program design
 - ▶ **Coordination:** The Planning Process is coordinated by SAG, with joint activities with the IQ Advisory Committee during key steps
 - ▶ **Energy Efficiency Ideas:** SAG and IQ Committee participants have an opportunity to submit *Energy Efficiency Ideas* for utility consideration in planning the 2022-2025 Portfolios
- ▶ **Dedicated Website Page:** [SAG Portfolio Planning Process](#)

Planning Process Timing

- ▶ The focus of SAG in 2020 will be on portfolio planning
 - ▶ **Final negotiations anticipated to begin by mid-November**, between utilities and non-financially interested parties
 - ▶ **COVID-19 Impact:** Meetings will be held by teleconference until further notice

Coordination with IQ EE Advisory Committees

SAG will hold joint meetings with the IQ Advisory Committee during key steps to the SAG Portfolio Planning Process, including:

- ▶ **May: Energy Efficiency Idea Presentations**
 - ▶ Wed. May 13 (SAG-IQ joint meeting, afternoon)
- ▶ **June: Utilities Respond to Energy Efficiency Ideas**
 - ▶ Wed. June 17 (SAG-IQ joint meeting, afternoon)
- ▶ **October: Utilities Present Draft EE Portfolio Plans**
 - ▶ Wed. Oct. 14 (SAG-IQ joint meeting, afternoon)
- ▶ **November: Initial Stakeholder Feedback on Draft EE Portfolio Plans**
 - ▶ Thurs. Nov. 5 (SAG-IQ joint meeting, afternoon)

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Process to Submit Energy Efficiency Ideas

Energy Efficiency Ideas

- ▶ Opportunity for SAG stakeholders and IQ Committee participants to share ideas and approaches for utilities to consider in developing the next EE Plans
- ▶ **Stakeholders and IQ Committee Participants are invited to submit:**
 1. Feedback on current portfolios, focused on suggested changes for the 2022-2025 EE Plans
 2. Stakeholder ideas/approaches for utility consideration, including program approaches or new measures that have been successfully implemented in other jurisdictions
 3. Innovative ideas that could be researched during the next EE Plan cycle by utilities, evaluators, SAG, or another advisory group (IL-TRM Technical Advisory Committee; Income Qualified EE Advisory Committees)
- ▶ **Please note:** This is not a formal solicitation or Request for Proposals for entities submitting ideas - the goal of SAG requesting EE ideas is to provide an opportunity for stakeholders to work collaboratively with utilities

Submitting EE Ideas

- ▶ [Click here to download the Income Qualified Committee Energy Efficiency Ideas Template.](#)
 - ▶ Please note: SAG stakeholders have a separate EE Ideas Template.
- ▶ **Completed EE Idea Templates are due by COB on Monday, April 27**
 - ▶ Submit completed templates by email to the SAG Facilitator: Celia@CeliaJohnsonConsulting.com
 - ▶ If IQ Committee participants have questions about submitting EE ideas or need help with the template, please reach out to the SAG Facilitator: Celia@CeliaJohnsonConsulting.com or IQ Advisory Committee Facilitator Theo Okiro: Theo.Okiro@FutEE.biz
- ▶ **Specific, concrete ideas are encouraged!**
 - ▶ Please provide any supplemental materials or information that may be useful for utilities to review your EE idea
 - ▶ If your EE idea has been successfully implemented in another jurisdiction, please share this information

EE Idea Examples

- ▶ **Example ideas submitted during the 2015 SAG Portfolio Planning Process:**
 - ▶ **Cold Water Washing Behavioral Program**
 - ▶ Proposed program aimed to reduce natural gas waste in multifamily and single family home laundry usage through a customer education and rebate campaign aimed at promoting washing clothes in cold water. To achieve this, the program would institute customer education measures that include customer mailings, web advertising, in-store advertising in washing machine retail channels, promotion coordination with coldwater detergent manufacturers, and midstream rebates for coldwater detergents.
 - ▶ **Utility Appliance Rebates**
 - ▶ Additional appliance measures proposed for inclusion in electric Utility Appliance Rebates Program
 - ▶ **All-Electric Home Retrofit Program**
 - ▶ Proposal for utilities to offer comprehensive treatment of all-electric EE opportunities, particularly space heating and water heating, for single family and multi-family customers

Next Steps for EE Ideas

- ▶ A small group SAG Review Committee will meet in early May to review ideas and determine if there are initial follow-up questions
- ▶ All EE Ideas submitted will be posted on the SAG website, including any supplemental materials provided: [2020 Energy Efficiency Ideas](#)
- ▶ Income qualified/income eligible EE Ideas will be presented during the **Wednesday, May 13** joint SAG - IQ Advisory Committee meeting
- ▶ Utilities will respond to income qualified/income eligible EE ideas during the **Wednesday, June 17** joint SAG - IQ Advisory Committee meeting

Questions?

- ▶ SAG Facilitator Contact Information

- ▶ Celia Johnson

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- ▶ *SAG Website:* www.ILSAG.info