Citizens Utility Board
309 W Washington St, Suite 800, Chicago, IL 60604 **Phone** (312) 263-4282 **Toll Free** 800-669-5569 **Fax** (312) 263-4329

April 2, 2012

David Brightwell
Illinois Commerce Commission
527 East Capitol Avenue
Springfield Illinois 62701
dbrightw@icc.illinois.gov

RE: Comments of the Citizens Utility Board in Response to the Plan to Foster Statewide Coordination of Statutorily Mandated Natural Gas and Electric Energy Efficiency Programs Pursuant to Subsection (k) of Section 8-104 of the Public Utilities Act.

The Citizens Utility Board ("CUB") respectfully submits the following comments on the Plan to Foster Statewide Coordination of Statutorily Mandated Natural Gas and Electric Energy Efficiency Programs ("the Plan") to the Illinois Commerce Commission ("ICC" or "Commission") for consideration. CUB appreciates the opportunity to comment on this consequential topic, which will help ensure that Illinois ratepayers fund and have access to cost-effective utility energy efficiency programs.

The Public Utilities Act ("Act") requires the Illinois Commerce Commission ("Commission") to "develop and solicit public comment on a plan to foster statewide coordination and consistency between statutorily mandated natural gas and electric energy efficiency ("EE") programs to reduce program or participant costs or to improve program performance."[1] In January of 2012, the Staff of the Illinois Commerce Commission ("Staff") posted this plan and solicited public comment on it on the ICC website. The Commission is required to send a report to the General Assembly containing its findings and recommendations on this topic by September 1, 2013.

Ameren Illinois Company d/b/a Ameren Illinois ("Ameren") and Commonwealth Edison Company ("ComEd") have offered statutorily required electric energy efficiency programs since June of 2008. The Peoples Gas Light and Coke Company and North Shore Gas Company (collectively, "Peoples/North Shore"), and Northern Illinois Gas Company d/b/a Nicor Gas ("Nicor") operated ICC mandated natural gas savings programs in 2010. Since June of 2011, Ameren, Peoples/North Shore, and Nicor have offered statutorily required gas savings programs. The Illinois Department of Commerce and Economic

[1] 220 ILCS 5/8-104(k).

Opportunity ("DCEO") also offers programs in each utility's territory by offering programs targeted toward low-income consumers and municipal government facilities. As Staff point out, in the coming years, budgets for gas and electric programs will become increasingly similar on a percent price increase per unit of energy basis.[2]

Coordination between utilities may reduce the cost of programs and improve program performance. The Plan identified a number of ways that coordination is already occurring:

- Joint Stakeholder Advisory Group ("SAG") meetings
- Creation of the Statewide Technical Reference Manual ("TRM"), which will provide consistent methodologies for the utilities to use to calculate energy savings. Vermont Energy Investment Corporation ("VEIC") is the consultant developing the document with input from certain SAG members.
- Coordination between the utilities and DCEO through a program called CANDI, an acronym for the participating utilities and agency, which are ComEd, Ameren, Nicor, DCEO, and Integrys. The purpose is to simplify the process for program allies that service Commercial & Industrial ("C&I") customers.

As Staff notes, as the only integrated gas and electric utility, Ameren filed an integrated three year plan in docket 10-0568 in which the costs of joint gas and electric programs are shared between the utility's gas and electric customers. Because there is more overlap in delivery area among the single fuel utilities in the northern part of the state, coordination efforts between ComEd, Nicor, and Peoples/North Shore will likely have a more consequential impact on ratepayers. Staff also gave specific examples of how these utilities are currently working together on programs, including:

- ComEd, Peoples/North Shore, and Nicor's Multi-Family Direct Install Program.
- ComEd and Nicor's Single Family Home Performance Tune Up program.
- ComEd and Nicor's upcoming New Construction program.
- ComEd, Peoples/North Shore, and Nicor's program.

Staff Recommendations

Staff makes the following three recommendations in the Plan.

- Continue to encourage coordination through SAG and CANDI
- Monitor development of a statewide TRM and review the validity of the final product
- Work to generate consensus on legislative proposals to reduce program or participant costs or to improve program performance

CUB agrees that to encourage coordination through SAG and CANDI, ComEd, Nicor, Ameren, and Peoples/North Shore (collectively, "the utilities") should report on coordination efforts at SAG meetings. As Staff mentions,

[2] Staff Plan at 3.

> "Many of the current joint programs have average costs per unit of first year savings that are higher than the overall portfolio average cost for the respective utilities. Thus, coordination requires careful implementation and review. Oversight from the Commission and input from interested parties through SAG will help ensure that the potential benefits of coordination are fully realized."[3]

In particular, it is crucial for utilities to report to stakeholders on their current coordination efforts and for stakeholders to have programmatic input, such as recommending that utilities offer comprehensive, joint, single and multifamily retrofit programs that will achieve cost effective, lasting savings. CUB also agrees that it is critical for stakeholders to be involved in the TRM process.

Staff also recommended legislative changes in the Plan, including increasing planning periods from three to five years, and reducing or eliminating the emphasis on first-year savings. CUB does not support this proposal because increasing the planning periods to five years would not allow utilities to adapt and capitalize on changes in the evolving energy efficiency market. As Staff points out, the Commission does grant the utilities flexibility in administering the plans "because it recognizes that the market rapidly changes."[4] A five year plan could result in increased occurrences of programs becoming less cost-effective or even unnecessary due to changes in the market. As a result, utilities would more frequently and quickly need to rebalance and add programs to the portfolio, potentially leading to utilities offering programs designed primarily to meeting the statutory target in the current program year. Such programs may lack continuity, lasting savings, or both. CUB disagrees with Staff that "increasing the length of the plan will not materially affect the quality of the programs or the administration of the plan."[5] By forcing the utilities to forecast market opportunities and trends so far in advance, CUB believes those are exactly the risks that would be created by increasing the length of the program.

CUB also disagrees with Staff's suggestion to reduce or eliminate emphasis on first-year savings. While CUB supports measures that foster deep and long term savings for consumers, expensive and high impact measures do not have to be offered at the expense of lower cost measures that reach a large number of consumers. Striking a balance between these types of programs is critical to ensuring the utilities achieve the savings targets and offer cost-effective programs that reach the whole spectrum of consumers. Not all consumers, and in particular low-income consumers and renters, will be able to participate in programs that require a large upfront payment for the purchase of a new appliance or heating, ventilation and air conditioning ("HVAC") equipment. However, a large number of these customers are able to access impactful measures like lighting and behavior modification programs, which are available at low or no cost to the consumer. Though they are less expensive than many high impact measures, lower cost programs can generate deep and lasting savings. Behavior modification programs give consumers access to education that empowers them to reduce their energy usage, and they are also a cost-effective means for utilities to market other measures in the portfolio.

---

[3] Staff Plan at 10.
[4] Staff Plan at 11.
[5] Staff Plan at 11.

April 2, 2012

Respectfully Submitted,

Kristin Munsch, Attorney
Bryan McDaniel, Senior Policy Analyst
Rebecca Devens, Policy Analyst
Citizens Utility Board
309 W. Washington St., Ste. 800
Chicago, IL 60606
kmunsch@citizensutilityboard.org
bmcdaniel@citizensutilityboard.org
rdevens@citizensutilityboard.org