

# STATE OF ILLINOIS



## ILLINOIS COMMERCE COMMISSION

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**TO:** All Interested Parties

**FROM:** Jennifer Hinman, ICC Staff  
Thomas Kennedy, ICC Staff

**SUBJECT:** Notice of Comment Period Regarding Post-Workshop Section 16-111.5B Energy Efficiency Questions: Initial Comments due May 8, 2013;  
Reply Comments due May 20, 2013

**DATE:** April 24, 2013

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In its December 19, 2012 Final Order in ICC Docket No. 12-0544 ("2013 Procurement Order"), the Illinois Commerce Commission ("Commission" or "ICC") directed ICC Staff to work with the Illinois Power Agency ("IPA") to conduct a series of workshops regarding the Section 16-111.5B energy efficiency ("EE") programs "to determine if there are additional changes or refinements to consider with regard to such requests, suggestions, or recommendations in future procurement proceedings."<sup>1</sup> A public workshop was held at the Commission on April 11, 2013 to address Section 16-111.5B EE issues. Based on the collective desire of interested parties attending the April 11, 2013 workshop, a post-workshop comment period was agreed to as an appropriate next step in order to determine where consensus has been reached on various Section 16-111.5B EE issues. As agreed to at the April 11, 2013 workshop, ICC Staff distributed a draft list of Section 16-111.5B EE questions and requested input from interested parties regarding additional Section 16-111.5B EE questions that should be addressed in post-workshop comments. Questions were received from Ameren Illinois Company and the Citizens Utility Board (with concurrence from the Natural Resources Defense Council and the Illinois Office of the Attorney General).

ICC Staff requests input from interested parties on the Post-Workshop Section 16-111.5B EE Questions that follow. Initial Comments responding to the Post-Workshop Section 16-111.5B EE Questions should be sent to Jennifer Hinman [jhinman@icc.illinois.gov](mailto:jhinman@icc.illinois.gov) and Thomas Kennedy [tkennedy@icc.illinois.gov](mailto:tkennedy@icc.illinois.gov) by May 8, 2013. Reply Comments responding to other parties' Initial Comments should be sent by May 20, 2013. Initial and Reply Comments will be posted on the Commission's website. <http://www.icc.illinois.gov/Electricity/EnergyEfficiencyWorkshops161115B.aspx> The next Section 16-111.5B EE Workshop will document, review, and clarify areas where consensus has been reached based in part on parties' Initial and Reply Comments regarding the Post-Workshop Section 16-111.5B EE Questions.

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<sup>1</sup> The 2013 Procurement Order states:

It appears to the Commission that no further findings or conclusions regarding energy efficiency programs under Section 16-111.5B of the PUA are required in this proceeding. Because this is the first procurement proceeding to consider the Section 16-111.5B energy efficiency programs, and considering the lack of agreement on other requests, suggestions or recommendations -- for which determinations are not required by statute -- the Commission declines to render a decision or require modifications to the Procurement Plan with respect to these matters. However, in light of the fact that several parties have raised or otherwise addressed additional requests, suggestions, or recommendations regarding the Section 16-111.5B energy efficiency programs that warrant further attention, the Commission directs Staff to work with the IPA to conduct a series of workshops -- if the IPA is agreeable to doing so -- to determine if there are additional changes or refinements to consider with regard to such requests, suggestions, or recommendations in future procurement proceedings. *2013 Procurement Order* at 271.

## Post-Workshop Section 16-111.5B Energy Efficiency Questions

Initial Comments responding to these Post-Workshop Section 16-111.5B EE Questions should be sent to Jennifer Hinman [jhinman@icc.illinois.gov](mailto:jhinman@icc.illinois.gov) and Thomas Kennedy [tkennedy@icc.illinois.gov](mailto:tkennedy@icc.illinois.gov) by May 8, 2013. Reply Comments responding to other parties' Initial Comments should be sent by May 20, 2013. The next Section 16-111.5B EE Workshop will document, review, and clarify areas where consensus has been reached based on parties' Initial and Reply Comments regarding the Post-Workshop Section 16-111.5B EE Questions. Initial and Reply Comments will be posted on the Commission's website.

<http://www.icc.illinois.gov/Electricity/EnergyEfficiencyWorkshops161115B.aspx>

### Coordination of Energy Efficiency Programs

1. Is it feasible for the energy efficiency ("EE") programs and measures procured by the Illinois Power Agency ("IPA") pursuant to Section 16-111.5B<sup>1</sup> to include expansions of Section 8-103<sup>2</sup> EE programs and measures? If yes, please explain how, describe the benefits and costs of doing so, and explain whether expansions of Section 8-103 EE programs and measures should be included in IPA procurements of EE pursuant to Section 16-111.5B.
  - 1.1. Should the Section 16-111.5B EE programs be limited to new or different EE programs than those included in a utility's Section 8-103 EE portfolio? What are the benefits and costs of such an approach?
2. Should expansion of existing Section 8-103 EE programs under Section 16-111.5B also include expansion of DCEO's Section 8-103 EE programs? If yes, please explain how and describe the benefits and costs of such an approach.
3. Given the existing EE statutes, should the Commission treat Sections 8-103 (EEPS) and 16-111.5B (IPA) EE portfolios as *separate* portfolios (e.g., separate EE goals, separate budgets, separate sets of standards) or as a *combined* portfolio (e.g., single EE goal, single budget, single set of harmonized standards)? Please explain which approach (i.e., separate or combined EE portfolios) is preferred and provide rationale.
  - 3.1. How would the preferred approach (i.e., separate or combined EE portfolios) actually work in practice (in terms of EE evaluation, tracking, reporting, portfolio administration, goals, banking, flexibility, merged or separate budget, and other overlap with Section 8-103)? Please be very specific.
  - 3.2. Under what circumstances (if any) could you support the alternative approach (i.e., separate or combined EE portfolios), and how would the alternative approach actually work in practice (in terms of EE evaluation, tracking, reporting, portfolio administration, goals, banking, flexibility, merged or separate budget, and other overlap with Section 8-103)? Please be specific.

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<sup>1</sup> 220 ILCS 5/16-111.5B

<sup>2</sup> 220 ILCS 5/8-103

# Post-Workshop Section 16-111.5B Energy Efficiency Questions

## Procurement of Energy Efficiency Programs

4. How should EE programs be procured by the IPA?
  - 4.1. For example, should the IPA procurement allow for multi-year EE programs? Can the number of years that the utilities propose for IPA EE programs be flexible (1, 2, 3, 4 or 5 years)?
  - 4.2. How should payments be structured?
5. How should Section 16-111.5B EE programs be evaluated (*e.g.*, using IL-TRM in effect at time of submission, using IL-TRM in effect at time of implementation, deemed NTG) and what is appropriate forum for review (*e.g.*, docketed proceeding, SAG)?
  - 5.1. Do EE programs and measures procured by the IPA pursuant to Section 16-111.5B *require* evaluation, measurement and verification? If yes, please answer the following as well:
    - 5.1.1. Should assessments of IPA EE programs be included as part of the work done assessing Section 8-103 EE programs and measures through the Technical Reference Manual (“TRM”)? Should the processes now completed for the evaluation of Section 8-103 EE programs, including the TRM and net-to-gross (“NTG”) ratio development, also be done for Section 16-111.5B EE programs?
    - 5.1.2. Should the same NTG ratios and savings values, methodologies and assumptions be applied to both Section 8-103 EE programs and Section 16-111.5B EE programs?
6. Is it reasonable to hold utilities (or third party vendors) accountable for annual EE savings goals (EE program-level or portfolio-level goals) established pursuant to Section 16-111.5B?
  - 6.1. How should failure of any party to fulfill its Section 16-111.5B obligations be dealt with in the context of Section 16-111.5B EE goals, budgets, and affected supply requirements<sup>3</sup>?
  - 6.2. What are the consequences, if any, should an ex-post evaluation of an EE program or measure procured by the IPA pursuant to Section 16-111.5B fail to show the expected savings?

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<sup>3</sup> Please note that item (5) under subsection (a) of Section 16-111.5B states:

(5) Pursuant to paragraph (4) of subsection (d) of Section 16-111.5 of this Act, the Commission shall also approve the energy efficiency programs and measures included in the procurement plan, including the annual energy savings goal, if the Commission determines they fully capture the potential for all achievable cost-effective savings, to the extent practicable, and otherwise satisfy the requirements of Section 8-103 of this Act.

In the event the Commission approves the procurement of additional energy efficiency, it shall reduce the amount of power to be procured under the procurement plan to reflect the additional energy efficiency and shall direct the utility to undertake the procurement of such energy efficiency, which shall not be subject to the requirements of subsection (e) of Section 16-111.5 of this Act. The utility shall consider input from the Agency and interested stakeholders on the procurement and administration process.

220 ILCS 5/16-111.5B(a)(5).

## Post-Workshop Section 16-111.5B Energy Efficiency Questions

7. Can utilities and third party vendors adjust (EE program and portfolio) goals or budgets after the IPA order but prior to implementation reflecting changes in values and the market given the over one year time lag between RFP submission and implementation? If yes, please answer the following as well:
  - 7.1. Under what circumstances can the utilities and third party vendors make such adjustments? Please be specific.
  - 7.2. What guidelines or rules should govern how such adjustments are made? Please be specific.
  - 7.3. What is the appropriate forum for review (*e.g.*, docketed proceeding, SAG) and approval (*e.g.*, docketed proceeding) of such adjustments, if any?
  - 7.4. Should previously approved EE programs that undergo goal or budget adjustments after approval be rescreened prior to implementation with revised cost-effectiveness estimates submitted to the IPA and the Commission? What should happen if the revised EE program goal (and budget) results in the EE program screening as cost-ineffective?

### Energy Efficiency Program Management

8. What type and amount of flexibility is allowed or appropriate for EE programs approved in an IPA procurement plan under Section 16-111.5B (for one year, and for multiple years, and flexibility between the Sections 16-111.5B and 8-103 EE portfolios)?
  - 8.1. For example, can or should resources be transferred between and among Section 16-111.5B EE programs in order to maximize cost-effective savings?
  - 8.2. Can or should resources be transferred between the Section 16-111.5B EE portfolio and the Section 8-103 EE portfolio in order to maximize cost-effective savings?

### Cost-Effectiveness of Energy Efficiency Programs and Measures

9. What criteria of cost-effectiveness is appropriate for EE programs and measures procured by the IPA pursuant to Section 16-111.5B?
10. What is the meaning of 220 ILCS 5/16-111.5B(a)(3)(D)-(E) in terms of which statistics or cost-effectiveness tests should be used to comply with each of the two requirements? Please be specific.
  - (D) Analysis showing that the new or expanded cost-effective EE programs or measures would lead to a reduction in the overall cost of electric service.
  - (E) Analysis of how the cost of procuring additional cost-effective EE measures compares over the life of the measures to the prevailing cost of comparable supply.
- 10.1. How should the additional information required of the utilities in the IPA's procurement of EE programs and measures under Section 16-111.5B(a)(3)(D)-(E) be used? For example, should this additional information be used to exclude EE programs from IPA consideration?