

**STATE OF ILLINOIS**  
**ILLINOIS COMMERCE COMMISSION**

**COMMONWEALTH EDISON COMPANY,                    )**  
**Approval of the Energy Efficiency and                    )**  
**Demand-Response Plan Pursuant to                    )**  
**Section 8-103(f) of The Public Utilities Act                    )**     **Docket No. 10-0570**

**Supplemental Testimony of**

**GEOFFREY C. CRANDALL**

**ON BEHALF OF**

**THE ENVIRONMENTAL LAW AND POLICY CENTER**

**November 8, 2010**

1 **INTRODUCTION AND BACKGROUND**

2 **Q. What is your name and business address?**

3 A. My name is Geoffrey C. Crandall. My business address is MSB Energy Associates, Inc.,  
4 1800 Parmenter Street Suite 204, Middleton, Wisconsin 53562.

5 **Q. On whose behalf are you testifying today?**

6 A. I am testifying on behalf of the Environmental Law and Policy Center.

7 **Q. Are you the same Geoffrey C. Crandall that submitted Direct testimony in this**  
8 **docket on November 3, 2010?**

9 A. Yes, I am.

10  
11 **Q. What is the purpose of your supplemental testimony?**

12 A. The purpose of this supplemental testimony is to address the reasonableness of the  
13 Illinois Department of Commerce and Economic Opportunity's (DCEO) portion of the  
14 proposed Commonwealth Edison application seeking approval of its proposed 2011-2013  
15 Energy Efficiency and Demand Response Plan ("Plan").

16  
17 **Q. What conclusions have you reached regarding the DCEO portions of the proposed**  
18 **plan?**

19 A. I have several concerns regarding DCEO's portion of the proposed plan. These include:  
20 DCEO made an error in developing a statewide weighted average electric avoided cost  
21 for the development of its portions of the plan; DCEO needs to revise the ComEd  
22 portions of the avoided cost by an increased 1.6% to correct the error that I discussed in  
23 the direct testimony I filed in this docket; DCEO's plan includes consistent incentives

1 levels for measures eligible for prescriptive rebates throughout the state and should be  
2 adjusted to reflect differences in the service territories; DCEO needs to be more efficient  
3 and punctual at providing SAG members reports and pre-meeting materials well before  
4 the SAG meetings; and DCEO's proposal to hire an independent EMV contractor should  
5 be rejected.

6  
7 **Q. In what way are the avoided costs flawed?**

8 A. DCEO developed a statewide weighted average electric avoided cost by combining  
9 avoided costs provided by ComEd and Ameren Illinois. The utilities' avoided costs as  
10 used by DCEO differed significantly, by a factor of nearly five in some time periods.  
11 This is not a logical result for two adjacent utilities operating in a well-interconnected  
12 system. One would expect the avoided costs to be more similar.

13 I also noted that DCEO applied different escalation rates to the ComEd and Ameren  
14 avoided costs that differed by a factor of 2.3. This does not seem logical for two adjacent  
15 utilities serving related markets and DCEO does not explain why it did this. A potential  
16 explanation is that one utility's information was provided as real avoided cost and the  
17 other as nominal avoided costs. I have not had the opportunity to verify or further  
18 investigate that possibility at this time. DCEO needs to make corrections to these  
19 statewide weighted average electric avoided costs and correct its EE&DR Plan analysis  
20 accordingly.

1 **Q. What impact would the flawed avoided cost have on DCEO's plan?**

2 A. It would result in measures and programs failing to pass, or passing with a lower benefit  
3 cost ratio, if the flawed avoided cost was lower than appropriate.

4 There is also the question of whether DCEO's screening model is set up to use real or  
5 nominal avoided cost inputs. If it is set up to use nominal inputs and the avoided costs  
6 were all or in part real terms, then the model would understate the benefits of the measure  
7 or program.

8

9 **Q. Do you have additional concerns about the DCEO plan development?**

10 A. Yes. As I mentioned earlier in my direct testimony in this case, the ComEd avoided costs  
11 are understated by 1.6%. This impacts the DCEO programs. Therefore the corrected  
12 ComEd avoided costs should be re-run by DCEO to correct its analysis regarding  
13 program development and portfolio design.

14

15 **Q. What is your concern about DCEO incentives in its statewide plan?**

16 A. DCEO's statewide plan offers the same prescriptive measures throughout the state  
17 because it is seeking to maintain consistency, fairness and simplicity. While those are  
18 laudable objectives, they may not be achievable if the avoided costs actually vary as  
19 much between the utilities as DCEO has indicated. DCEO's point seems to be that a  
20 school in utility A's service territory should receive exactly the same measures and  
21 incentives as a school in utility B's service territory. But DCEO also considers fairness  
22 and consistency across customer classes within a service territory. If utility A's avoided  
23 costs differ significantly from that of utility B's, then utility A should offer its

1 commercial customers a substantially different package than utility B would offer to a  
2 similar commercial customer served by utility B.

3  
4 **Q. Would this create an additional inequity between commercial customers (ComEd)**  
5 **and public sector customers (DCEO) with ComEd's service territory?**

6 A. Yes. If the avoided costs vary widely, it doesn't make sense that a school in utility A's  
7 service territory would receive a much lower incentive to save energy than a commercial  
8 customer served by utility A, just by virtue of the DCEO having created a standard  
9 program offering based on fictitious composite avoided cost.

10  
11 **Q. Do you have a suggestion regarding DCEO's participation in the SAG process?**

12 A. Yes. DCEO has consistently failed to provide pre-meeting materials and reports to SAG  
13 participants in advance of the SAG meetings. I recognize that the implementation of the  
14 EE&DR programs is not an easy task and DCEO has limited administrative resources.  
15 However, in order for the SAG process to work, SAG members need to do their  
16 homework and prepare to provide input at the meetings. Providing meeting materials in  
17 advance would allow SAG participants to make suggestions and recommendations in an  
18 effort to improve DCEO programs and implementation effectiveness. I recommend that  
19 the Commission direct DCEO to provide materials SAG members on a timely basis - at  
20 least three days in advance of the meetings.

1 **Q. Has DCEO requested authorization to hire an independent EM&V contractor?**

2 A. Yes. Witness Feipel's (on page 50 of his direct testimony) explains the reasons for the  
3 DCEO request, which is primarily for purposes of consistency, meeting the plan  
4 requirements and accounting protocols.

5  
6 **Q. Do you believe there is merit in this request and that the Commission should**  
7 **authorize DCEO to hire a separate EM&V contractor?**

8 A. No. I see no reason for the Commission to approve this request by DCEO. I do not  
9 believe that it would be in the public interest for DCEO to hire a new EM&V contractor  
10 to assess DCEO programs. I have several reasons to oppose this. First, DCEO needs to  
11 focus its attention primarily on implementing highly effective programs. Second, DCEO  
12 ought not to spend its limited administrative resources unnecessarily by taking on tasks  
13 that the utilities are already doing in their service territory. Should DCEO actually hire  
14 and have administrative responsibilities for an EMV contractor, a great deal of time and  
15 effort would be required by DCEO staff to handle the tasks and responsibilities including:  
16 drafting and finalizing a Request for Proposal (RFP), issuing an RFP, conducting pre-  
17 proposal conferences, answering questions from potential applicants, creating and  
18 organizing a proposal review committee, establishing a fair and reasonable proposal  
19 scoring criteria, interviewing potential EMV contractors, possibly checking on the  
20 backgrounds of the proposers, assembling and communicating information to the review  
21 committee, scoring the proposals, potentially conducting follow-up interviews, contract  
22 negotiations with potential EMV contractors, creating a reasonable contract, submitting a  
23 draft contract to the State of Illinois legal counsel, submitting a draft contract(s) to those

1 in the State of Illinois who are responsible for procurement to ensure consistency and  
2 compliance with procurement rules and procedures, etc.

3  
4 **Q. Would the Commission’s approval of DCEO’s request to acquire their own EM&V**  
5 **contractor satisfy an important program need that is not currently being**  
6 **accomplished?**

7 A. No. I believe that if the Commission authorized this request that it would be duplicative,  
8 wasteful and unnecessary. The SAG members (including all the EE&DR Plan  
9 implementing utilities) spent an extensive amount of time developing a statewide EMV  
10 framework and reviewing and assessing many issues related to EM&V over the past  
11 several years. DCEO is asking permission to engage in an activity that has already been  
12 accomplished and done so in a careful, thoughtful and comprehensive manner. The  
13 Illinois EM&V infrastructure is now in place. Fortunately, the EM& V infrastructure has  
14 been built and is now in place. Independent, professional, competent evaluation  
15 resources are now being employed throughout Illinois for the EE&DR programs. I  
16 recommend that the Commission not approve DCEO’s request for an “independent  
17 EM&V contractor”.

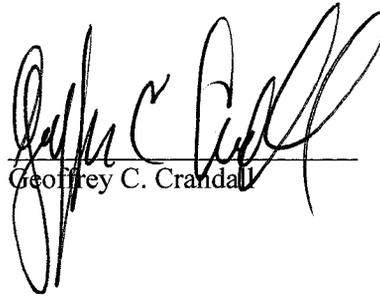
18  
19 **Q. Does this complete your testimony?**

20 A. Yes.

STATE OF Wisconsin )  
 ) SS.  
COUNTY OF Dane )

**VERIFICATION**

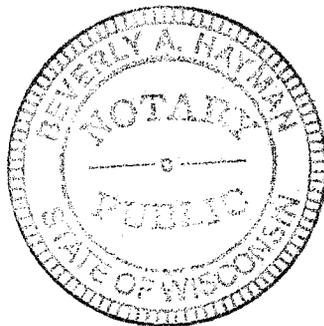
I, Geoffrey C. Crandall, being first duly sworn, state that I have read the foregoing *Direct Testimony of Geoffrey C. Crandall*, and that the facts stated therein are true and correct to the best of my knowledge and belief.

  
\_\_\_\_\_  
Geoffrey C. Crandall

Subscribed and sworn to before  
me this 8<sup>th</sup> day of November, 2010.

  
\_\_\_\_\_  
Notary Public

my commission expires 3-23-2014



**CERTIFICATE OF SERVICE**

I, Robert Kelter, hereby certify that I served on November 8th, 2010 the attached SUPPLEMENTAL TESTIMONY OF GEOFFREY C. CRANDALL upon all active parties of record identified on the included service list electronically via e-mail. Paper copies will be provided upon request.

A handwritten signature in black ink that reads "Robert Kelter". The signature is written in a cursive style with a large initial "R" and "K".

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