

Direct Testimony

of

Jennifer L. Hinman

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Economic Analyst

IC.C. DOCKET NO. 11-0592

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Policy Division

Witness: J. Hinman

Date: 5/9/13 Reporter:

Illinois Commerce Commission

Investigation into Compliance with the Efficiency Standard Requirement of  
Section 8-103 of the Public Utilities Act

Ameren Illinois Company

**Docket No. 11-0592**

November 7, 2012

1 **Q. Please state your name, business address, and job title.**

2 A. My name is Jennifer L. Hinman. I work for the Illinois Commerce Commission,  
3 527 East Capitol Avenue, Springfield, Illinois 62701. I am employed as an  
4 Economic Analyst in the Policy Division in the Public Utilities Bureau at the Illinois  
5 Commerce Commission ("ICC" or "Commission").

6 **Q. What are your responsibilities within the Commission's Policy Division?**

7 A. My work with the Commission has primarily focused on energy efficiency and  
8 plug-in electric vehicles. I monitor, review, and analyze utility and party filings in  
9 docketed Commission cases. I identify and initiate discovery to support research  
10 into economic policy issues. I prepare and file testimony setting forth opinions  
11 and positions on those issues and make recommendations, as appropriate.

12 **Q. Describe your educational background.**

13 A. In May of 2010, I graduated from Illinois State University with a Master of  
14 Science degree in Applied Economics with a specialization in the Electricity,  
15 Natural Gas, and Telecommunications Economics Regulatory sequence. In May  
16 of 2008, I earned a Bachelor of Arts degree in Economics with a Financial  
17 Certificate, and graduated summa cum laude from the University Honors  
18 Program at Armstrong Atlantic State University in Savannah, Georgia.

19 **Q. Describe your professional experience.**

20 A. Prior to joining the Commission Staff ("Staff" or "ICC Staff") in April of 2010, I  
21 worked as a Graduate Assistant in the Applied Economics Department at Illinois

22 State University. I was an intern in the Regulatory Department at AT&T Illinois in  
23 Chicago during the summer of 2009.

24 **Q. What is the purpose of your direct testimony?**

25 A. The purpose of my direct testimony is to provide an overview of the "banking"  
26 provisions approved by the Commission, and to provide my estimate of the  
27 amount of energy savings banked to date in the Ameren Illinois Company  
28 ("Ameren") service territory.

29 **Q. Provide an overview of "banking" energy savings.**

30 A. Banking in this context is the carrying-over of energy savings above legislatively  
31 mandated levels resulting from the utility's and the Illinois Department of  
32 Commerce and Economic Opportunity's ("DCEO") energy efficiency programs for  
33 a given year for potential use to meet goals for later years.

34 **Q. Has the Commission allowed Ameren to bank excess savings?**

35 A. Yes. In Ameren's first energy efficiency plan proceeding, Docket No. 07-0539,  
36 both Ameren and DCEO in Exceptions argued that "consistency with regard to  
37 'banking' is imperative." (Order at 29, Docket No. 07-0539, February 6, 2008) In  
38 order to promote statewide consistency among utilities (specifically, between  
39 Ameren and Commonwealth Edison Company ("ComEd")) with regard to  
40 banking, the Commission permitted Ameren to bank savings, but not more than  
41 10 percent of the energy savings required by statute in the year in which it is  
42 banked. Thus, if Ameren and DCEO were to achieve energy savings in excess  
43 of the statutory savings goal in one program year, the excess (limited to 10

44 percent of the statutory savings goal) could count toward the fulfillment of a  
45 subsequent program year's statutory energy savings goal.

46 **Q. Has the Commission made a determination concerning banking where a**  
47 **utility meets its "portion" of the statutory savings goal, but the statutory**  
48 **savings goal set forth in Section 8-103(b) of the Illinois Public Utilities Act**  
49 **("Act"), and shared by the utility and DCEO, has not been met?**

50 A. Yes. Section 8-103(e) states that "[t]he portion of measures, administered by  
51 both the utilities and the Department, shall, in combination, be designed to  
52 achieve the annual savings targets." (220 ILCS 5/8-103(e)) In Docket No. 10-  
53 0520, the Commission did not allow banking in PY1 for ComEd when the  
54 statutory savings goal set forth in Section 8-103(b) of the Act was not met. (Order  
55 at 5-6, Docket No. 10-0520, May 16, 2012)

56 **Q. Do you have a recommendation as to how the Commission should address**  
57 **the situation referred to in the previous question in this Docket?**

58 A. Yes. Given that the Commission has previously interpreted how to properly bank  
59 savings when the statutory savings goal set forth in Section 8-103(b) of the Act  
60 has not been met, (See, Id.), and taking into account Ameren's previous  
61 arguments concerning statewide consistency with regard to banking being  
62 "imperative," it is reasonable to apply a consistent treatment to banking in the  
63 current proceeding. Thus, I recommend that Ameren be allowed to bank savings  
64 only to the extent savings were above the statutory savings goal set forth in

65 Section 8-103(b) of the Act, and no more than 10 percent of the savings required  
66 by statute can be banked in program year 3 ("PY3")<sup>1</sup>.

67 **Q. What does Ameren report as the PY3 statutory energy savings goal?**

68 A. With respect to calculating the statutory savings goal for PY3, Ameren witness  
69 Woolcutt states: "[i]n PY3, Ameren Illinois delivered 37,866,031 MWH of energy.  
70 If you take 0.6% of that actual throughput, the total savings goal (for both Ameren  
71 Illinois and the DCEO) for PY3 is 227,196 MWH." (Ameren Ex. 1.0 at 8)

72 **Q. Do you agree with Ameren's approach to calculating the PY3 statutory**  
73 **savings goal?**

74 A. No. Using Ameren's approach, one must know the *actual* amount of energy  
75 delivered for the program year to calculate the statutory savings goal, which  
76 cannot be determined in advance or even during the program year due to  
77 inevitable differences between actual energy delivered and load forecasts.  
78 Because of the inevitable discrepancy, this approach is not conducive to program  
79 management and planning to achieve statutory savings goals during the program  
80 year.

81 Instead, I recommend the Commission adopt the approach consistent with the  
82 approach approved by the Commission for ComEd, in which the statutory savings  
83 goal is determined by the *projected* energy delivered for the specific program year,  
84 as provided in the energy efficiency plan approved by the Commission. (Order at  
85 10-11, Docket 07-0540, February 6, 2008) Under this approach, the projected

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<sup>1</sup> Program year 3 runs from June 1, 2010 through May 31, 2011.

86 energy Ameren delivered for PY3 was 38,635,500 megawatt-hours<sup>2</sup> ("MWh"), as  
87 contained in the energy efficiency plan that was approved in Docket No. 07-0539.<sup>3</sup>  
88 Given the PY3 statutory target is 0.6% of energy delivered (220 ILCS 5/8-103(b)),  
89 the total statutory savings goal for PY3 is 231,813 MWh under the approach I  
90 recommend.

91 **Q. If the Commission adopts your recommendation that the PY3 statutory**  
92 **savings goal is 231,813 MWh, what amount of savings could the**  
93 **Commission approve for banking in the Ameren service territory for PY3?**

94 A. For PY3, the maximum banking allowed would be an incremental 23,181 MWh  
95  $[(PY3 \text{ Statutory Energy Savings Goal} * 10\%)]$ , in the event the PY3 statutory  
96 savings goal of 231,813 MWh has been sufficiently exceeded. Combining the  
97 previously banked savings approved in Docket No. 10-0519 ("PY2 Savings  
98 Docket"), 16,890 MWh, with the PY3 incremental banking, 23,181 MWh, the  
99 cumulative total amount of savings that potentially could be banked at the end of  
100 PY3 is 40,071 MWh. This amount is 5,005 MWh higher than the amount (35,066  
101 MWh) Ameren recommended in its direct testimony. (Ameren Ex. 1.0 at 10)

102 **Q. If the Commission agrees with Ameren's calculation that the PY3 statutory**  
103 **savings goal is 227,196 MWh, what amount of savings could the**  
104 **Commission approve for banking in the Ameren service territory for PY3?**

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<sup>2</sup> 1 megawatt-hour = 1,000 kilowatt-hours ("kWh")

<sup>3</sup> DCEO's "portion" of the PY3 statutory savings goal approved by the Commission represents 19.1% of the statutory savings goal, or 44,387 MWh, while Ameren's "portion" represents 80.9% of the statutory savings goal, or 187,426 MWh. The Commission's Order directs that "DCEO's programs will account for approximately 20% (ranging from 18.6% to 21.5%) of the total kilowatt savings during the first three years of the plan. (DCEO Ex. 2.0 at 7)." (Order at 16, Docket No. 07-0539, February 6, 2008)

105 A. For PY3, the maximum banking allowed is an incremental 22,720 MWh [(PY3  
106 Statutory Energy Savings Goal\*10%)], in the event Ameren's proposed PY3  
107 statutory savings goal of 227,196 MWh has been sufficiently exceeded.  
108 Combining the previously banked savings approved in the PY2 Savings Docket,  
109 16,890 MWh, with the PY3 incremental banking, 22,720 MWh, the cumulative  
110 total amount of savings that potentially could be banked at the end of PY3 is  
111 39,610 MWh. This amount is 4,544 MWh higher than the amount (35,066 MWh)  
112 Ameren recommended in its direct testimony. (Ameren Ex. 1.0 at 10)

113 **Q. What amount of savings was achieved during PY3 in the Ameren service**  
114 **territory?**

115 A. In direct testimony, Ameren witness Woolcutt stated that Ameren achieved  
116 263,374 MWh in energy savings<sup>4</sup> during PY3. (Ameren Ex. 1.0 at 6) DCEO  
117 achieved 26,536 MWh during PY3. (DCEO PY3 Evaluation<sup>5</sup> at 3) Combining  
118 Ameren's and DCEO's achievements means 289,910 net MWh of savings was  
119 achieved in the Ameren service territory in PY3. The total savings achieved is  
120 over 58,000 MWh in excess of the PY3 statutory savings goal (based on either  
121 calculation of the PY3 statutory savings goal – projected or actual energy  
122 delivered). Therefore, if the Commission finds that 289,910 MWh was achieved  
123 in the Ameren service territory, then I recommend that the Commission find that  
124 a cumulative total of 40,071 MWh of energy savings is available for use in

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<sup>4</sup> Failure to take issue with a particular methodology or approach used to estimate energy savings by the independent evaluators should not be construed as an endorsement of those approaches. I am not testifying to the accuracy of the savings values discussed here.

<sup>5</sup> Navigant Consulting, 2012. *Energy Efficiency / Demand Response Plan: Plan Year 3 (6/1/2010-5/31/2011) Evaluation Report: Summary Report*. Presented to the Illinois Department of Commerce and Economic Opportunity. Presented by Navigant Consulting, Itron, Opinion Dynamics Corporation, and Michaels Engineering. May 25, 2012 ("DCEO PY3 Evaluation")

125 complying with the energy efficiency standards in future program years, if  
126 necessary, subject to applicable Commission orders.

127 **Q. Does this conclude your prepared direct testimony?**

128 **A. Yes.**