

REBUTTAL TESTIMONY
OF
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ILLINOIS COMMERCE COMMISSION

APPROVAL OF THE ENERGY EFFICIENCY AND DEMAND RESPONSE PLAN

PURSUANT TO SECTION 8-103(F) OF THE PUBLIC UTILITIES ACT.

COMMONWEALTH EDISON COMPANY

ICC DOCKET No. 13-0495

NOVEMBER 12, 2013

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1 **I. INTRODUCTION**

2 **A. IDENTIFICATION OF WITNESS**

3 **Q. Please state your name.**

4 A. My name is Jennifer L. Hinman.

5 **Q. Are you the same Jennifer L. Hinman who previously submitted direct**
6 **testimony in this docket?**

7 A. Yes. My direct testimony is contained in Staff Exhibit 1.0.

8 **B. PURPOSE OF TESTIMONY**

9 **Q. What is the purpose of your rebuttal testimony?**

10 A. The purpose of my rebuttal testimony is to respond to certain issues addressed
11 in the direct testimony of the Illinois Office of the Attorney General (“AG”) witness
12 Philip H. Mosenthal (AG Exs. 1.0C-1.1), the Environmental Law and Policy
13 Center (“ELPC”) witness Geoffrey C. Crandall (ELPC Exs. 1.0, 1.2), and the
14 Natural Resources Defense Council (“NRDC”) witness Chris Neme (NRDC Ex.
15 1.0).

16 First, I address the broad policy issues addressed in the direct testimony of
17 more than one party in this proceeding: (1) Modifications to the Illinois Net-To-
18 Gross (“NTG”) Framework; (2) Realization Rate Framework; and (3) Compact
19 Fluorescent Lamp (“CFL”) Carryover. Then, I respond to certain recommendations
20 made by specific parties that do not fit within the aforementioned categories.

21 In particular, I respond to recommendations for the Commonwealth Edison
22 Company (“ComEd” or “Company”) to work with the Illinois Energy Efficiency (“EE”)
23 Stakeholder Advisory Group (“SAG”) on the establishment of Evaluation,
24 Measurement, and Verification (“EM&V”) schedules and the creation of a Policy
25 Manual included in the direct testimony of AG witness Mosenthal (AG Ex. 1.0C).
26 Next I respond to recommendations directing Staff to conduct workshops related to
27 exploring additional financing options included in the direct testimony of ELPC
28 witness Crandall (ELPC Ex. 1.0). Finally, I respond to opposition concerning the
29 elimination of annual savings goal compliance proceedings and recommendations
30 to shift budgeted overhead costs to EE programs included in the direct testimony of
31 NRDC witness Neme (NRDC Ex. 1.0).

32 Staff witness Dr. David Brightwell (Staff Ex. 4.0) responds to certain issues
33 surrounding the estimation of net savings and the inclusion of non-participant
34 spillover that were addressed in the direct testimony of the Citizens Utility Board
35 (“CUB”) and The City of Chicago (“City”) witness Rebecca Devens (CUB-City Ex.
36 1.0) and NRDC witness Chris Neme (NRDC Ex. 1.0). Dr. Brightwell also responds
37 to a recommendation involving demand reduction programs made by Ms. Devens.

38 **Q. Do you address every issue raised by the parties in their direct testimony?**

39 A. No. My silence on an issue or failure to address any statement or position
40 offered by any party in this proceeding should not be construed as either an
41 endorsement or a criticism of that statement or position.

42 **C. ATTACHMENTS**

43 **Q. Are you sponsoring any exhibits with your testimony?**

44 A. Yes. Staff Ex. 3.1 contains ComEd's Supplemental Response ("Resp.") to Staff
45 Data Request ("DR") JLH 2.01. Staff Ex. 3.2 contains the IL-TRM Policy
46 Document.¹

47 **II. REBUTTAL**

48 **A. MODIFIED ILLINOIS NET-TO-GROSS FRAMEWORK**

49 **Q. Did any parties indicate support for ComEd's Modified Illinois NTG**
50 **Framework?**

51 A. No. However, NRDC witness Neme indicated he would support a modified
52 version of ComEd's proposal that introduced the SAG into the process and also
53 introduced retroactive NTG ratio ("NTGR") application in the event of significant
54 program design changes. (NRDC Ex. 1.0, 23-25.)

55 **Q. Do you support Mr. Neme's modifications to ComEd's NTG Framework**
56 **proposal?**

57 A. No. While I believe Mr. Neme's modifications do improve ComEd's NTG
58 Framework proposal by introducing stakeholders into the process, other
59 modifications create additional concerns and do not eliminate the main problem
60 with ComEd's proposal. Both ComEd's and NRDC's NTG framework proposals

¹ Policy Division Staff Report dated December 18, 2012, Attachment A (Policy Document for the Illinois Statewide Technical Reference Manual for Energy Efficiency Final as of October 25, 2012), Ameren Ill. Co., Commonwealth Edison Co., The Peoples Gas Light and Coke Co., North Shore Gas Co., and Northern Ill. Gas Co.: Adoption of Policies Concerning the Illinois Statewide Technical Reference Manual for Energy Efficiency, ICC Docket No. 13-0077 (Oct. 25, 2012) ("IL-TRM Policy Document").

61 grant Evaluators decision-making authority on the final NTG values to deem for
62 the utility's EE programs. It is not appropriate to grant Evaluators decision-
63 making authority on final NTG values to deem, particularly when the Evaluators
64 are employed and paid by the utility. The Evaluators should play an important
65 role in the NTG update process as outlined in Staff Ex. 1.1 given the Evaluators'
66 professional expertise and understanding of the utilities' EE programs.
67 However, to help preserve the independence of the Evaluators, they should not
68 be in a position to make the *final decision* on NTG values to deem for the utility.
69 It is important to have the NTG values vetted through the SAG process, where
70 attempts to understand whether differences across the various Evaluators'
71 recommended NTG values for comparable programs offered by multiple utilities
72 are well-warranted can occur (as there is potential for each utility's Evaluator to
73 recommend very different NTG values to deem for comparable EE programs).

74 In contrast to Staff's Modified Illinois NTG Framework (Staff Ex. 1.1), Mr.
75 Neme's modifications effectively reduce the incentive for a utility to negotiate in
76 good faith with the SAG on the best estimate of a NTG value to deem. Under Mr.
77 Neme's proposal, this incentive is reduced (if not eliminated) when the utility is
78 comfortable with the Evaluator's initial recommended NTG value.

79 **Q. In addition to ComEd, NRDC, and ICC Staff, were proposals made by any**
80 **other parties to modify the existing Illinois NTG Framework?**

81 A. Yes. AG witness Mosenthal and ELPC witness Crandall recommend adoption of
82 the Proposed Modified Illinois NTG Framework (AG Ex. 1.1; ELPC Ex. 1.2)

83 (“AG/ELPC NTG Framework”) that they each have attached to their direct
84 testimony. (See, AG Ex. 1.1; ELPC Ex. 1.2.)

85 **Q. Mr. Mosenthal states that “it is important that any NTG procedures be**
86 **consistent and applied equally to all program administrators.” (AG Ex. 1.0C,**
87 **30:9-10.) How do you respond?**

88 A. I agree with Mr. Mosenthal and note that this position is consistent with the
89 Commission’s adoption of the original NTG Framework procedure across all the
90 utilities’ dockets in the last three-year Plan filings. (ICC Orders Docket Nos. 10-
91 0562, 10-0564, 10-0568, 10-0570.) I would also note that Staff’s Modified Illinois
92 NTG Framework has been filed in the other program administrators’ plan filing
93 dockets such that the Commission could adopt a consistent Modified Illinois NTG
94 Framework across all program administrators. (Staff Ex. 1.1; Staff Ex. 3.1, ICC
95 Docket No. 13-0498; Staff Ex. 3.1, ICC Docket No. 13-0499.) In contrast, Mr.
96 Neme’s proposed modifications to the utility’s proposed NTG Framework are not
97 contained in Ameren Illinois’ plan filing ICC Docket No. 13-0498.

98 **Q. Have any parties indicated support for components of Staff’s Modified Illinois**
99 **NTG Framework (Staff Ex. 1.1)?**

100 A. Yes. While the AG/ELPC NTG Framework and Staff’s Modified Illinois NTG
101 Framework are substantially similar, they are not identical, and two of the
102 differing components proposed by Staff have been supported by the AG: (1)
103 timeline for NTG updates and (2) resolution for non-consensus NTG updates.
104 (AG Ex. 1.0C, 34-35.) The AG acknowledges that Staff’s proposal “will result in,
105 all else equal, likely better estimates of actual future NTG ratios” and “it provides

106 a reasonable but significant incentive for all parties to reach consensus on a best
107 estimate of future NTG ratios[.]” (AG Ex. 1.0C, 35.)

108 **Q. Given the similarities between Staff’s Modified Illinois NTG Framework and**
109 **the AG/ELPC NTG Framework, do you support adoption of the AG/ELPC NTG**
110 **Framework?**

111 A. No. For the reasons described herein and set forth in Staff’s direct testimony, the
112 Commission should adopt Staff’s Modified Illinois NTG Framework proposal that
113 is attached to my direct testimony as Staff Ex. 1.1. While I support a number of
114 elements contained in the AG/ELPC NTG Framework as it is substantially similar
115 to Staff’s proposal, there is one element in particular that I simply cannot support:
116 the creation of “voting parties.” (AG Ex. 1.1, 2; ELPC Ex. 1.2, 2.) The creation of
117 “voting parties” is the third² difference between the frameworks that Mr.
118 Mosenthal describes in his testimony. (AG Ex. 1.0C, 36-38.) Further, within the
119 AG/ELPC NTG Framework, I have discovered some internal inconsistencies and
120 other elements that would be unworkable in practice (e.g., deadlines for filing in
121 the Illinois Statewide Technical Reference Manual for Energy Efficiency (“IL-
122 TRM” or “TRM”) annual update docket, missing definition of evaluated NTGR
123 values) should the Commission decide to approve the AG/ELPC NTG
124 Framework without modification. I describe each of these issues in turn below.

² Please note that there are more than three differences between the AG/ELPC NTG Framework and Staff’s Modified Illinois NTG Framework, though not all are addressed here. For example, the AG/ELPC NTG Framework “requires” the utilities to petition the Commission to rule on deeming a NTGR value that is non-consensus in the event there are no Illinois evaluations available for the program (AG Ex. 1.1, 2; ELPC Ex. 1.2, 2), whereas Staff’s Modified Illinois NTG Framework provides utilities with the “option” to petition the Commission in this situation (Staff Ex. 1.1, 3, 5).

125 1. CREATION OF VOTING PARTIES

126 **Q. Please describe the element of the AG/ELPC NTG Framework that you**
127 **absolutely will not support under any circumstance.**

128 A. As noted above, although I support a number of elements contained in the
129 AG/ELPC NTG Framework as these are substantially similar to Staff’s Modified
130 Illinois NTG Framework, the element that I cannot support is the creation of
131 “voting parties” as set forth in Item 2 of the AG/ELPC NTG Framework. (AG Ex.
132 1.1, 2; ELPC Ex. 1.2, 2; AG Ex. 1.0C, 36-38.) Item 2 of the AG/ELPC NTG
133 Framework states, in relevant part:

134 In cases where consensus among voting parties is reached in the SAG
135 on an individual NTGR value by March 1 (PYt), that consensus NTGR
136 value shall be deemed for the applicable program year (PYt+1),
137 provided that the Program Administrators file the consensus NTGR
138 values with the Commission in the TRM annual update docket no later
139 than March 1 (PYt).

140 (AG Ex. 1.1, 2; ELPC Ex. 1.2, 2 (footnotes omitted).)

141 Footnote 3 in Item 2 of the AG/ELPC NTG Framework states, in pertinent
142 part:

143 “Voting parties” are the program administrators, Staff, and other
144 parties that have traditionally intervened in EEPS dockets and
145 consistently participated in the SAG. These are AG, NRDC, ELPC and
146 CUB. However, voting members cannot also be subcontractors in
147 Section 8-103/104 efficiency programs.

148 (AG Ex. 1.1, 2; ELPC Ex. 1.2, 2.) Program administrators are defined in the IL-
149 TRM and IL-TRM Policy Document as consisting of the utilities (Ameren Illinois,
150 ComEd, Nicor Gas, and Integrys (North Shore Gas and Peoples Gas)) and the
151 Illinois Department of Commerce and Economic Opportunity (“DCEO”). (ComEd

152 Ex. 1.0 App. C, 9; Staff Ex. 3.2, 4.) Thus, the voting parties under the AG/ELPC
153 NTG Framework include: program administrators (i.e., Ameren Illinois, ComEd,
154 DCEO, Nicor Gas, Integrys), AG, CUB, ELPC, ICC Staff, and NRDC. This could be
155 interpreted as either 6 or 10 voting parties, depending on whether each program
156 administrator is allowed to vote on proposed NTG values for other program
157 administrators. It is important to point out that the AG/ELPC NTG Framework
158 requires consensus³ to be reached among all voting parties. (AG Ex. 1.1, 2; ELPC
159 Ex. 1.2, 2.) In other words, if one of the voting parties opposes a specific NTGR
160 value enough to contest it, then consensus would not be reached. While the
161 current proposal requires consensus, the establishment of voting parties in this
162 proceeding could lead to the establishment of voting parties in other contexts where
163 the majority's position is adopted. The Commission has repeatedly declined to give
164 SAG decision-making authority, and I am concerned that the development of voting
165 parties in this proceeding would be the first step toward such a structure. *See, e.g.,*
166 ICC Order Docket No. 10-0568 at 86.⁴

167 **Q. Do the AG and ELPC explain the basis for introducing a voting structure**
168 **limited to only a small portion of SAG participants?**

169 A. Mr. Mosenthal's explanation is as follows:

³ "Consensus means that no party indicates they oppose a specific NTGR value enough to contest it before the Commission." (AG Ex. 1.1, 2; ELPC Ex. 1.2, 2; Staff Ex. 1.1, 3.)

⁴ "Among other things, the Commission is concerned about the suggestion to grant stakeholders decision-making authority, as it raises the possibility of a deadlock, and gives rise to the possibility of conflicts of interest arising in the context of delivering the optimal programs and measures to the ratepayers. Finally, it appears that granting stakeholders decision-making authority would be inconsistent with the rationale articulated in the Final Order in Docket No. 07-0539, and the original intent of the group, which was for it to be advisory only, and which has been effective. The Commission finds that extending decision-making authority to the SAG is not appropriate at this time." ICC Order Docket No. 10-0568 at 86.

170 My intent is not one of limiting any particular party or to be exclusive.
171 SAG meetings have traditionally been open to anyone to attend. I
172 believe this is a good practice that allows for honest sharing of ideas
173 and ensures greater transparency of SAG's deliberations. However,
174 Staff's approach in practice could allow literally anyone to attend a
175 SAG meeting and refuse to agree to a NTG consensus position
176 regardless of whether that party has any particular knowledge or
177 expertise on the issue, or whether they have ever intervened or
178 otherwise been involved in energy policy in Illinois.

179 In addition, many attendees at the SAG are subcontractors to another
180 party. For example, consultants helping the program administrators
181 design and plan programs, evaluators, and implementation contractors
182 who sometimes are paid based on performance could conceivably
183 vote under Staff's approach, and have a clear conflict of interest in
184 regard to the ultimate NTG ratio selected. I believe it would be
185 inappropriate to allow these parties a formal vote because they
186 generally are attending the SAG as contractors to some other party
187 that already has a vote. In addition, I believe it would be inappropriate
188 for the evaluation consultants to have a vote. As the NTG framework
189 describes, they are tasked with working together as independent
190 parties to propose NTG values based on their professional expertise.
191 To preserve this independence, I believe they should not then be in a
192 position of actually advocating for any particular outcome. In addition,
193 any party that has subcontracted with a utility to provide programs
194 should not be permitted to vote on evaluation parameters. Finally, I
195 believe the SAG facilitator should retain her independence to
196 effectively facilitate and manage the SAG, rather than taking a formal
197 position on substantive issues.

198 (AG Ex. 1.0C, 37-38.)

199 **Q. Does Mr. Mosenthal provide any evidence to support his concern?**

200 A. No. There has been no showing that the utilities' subcontractors would oppose
201 an updated NTGR value that was otherwise a consensus value. I believe that
202 subcontractors would not oppose an updated NTGR value that was otherwise a
203 consensus updated NTGR value among SAG participants. I would also note that
204 Mr. Mosenthal's position that evaluation consultants should not have a vote

205 argues against both ComEd's and NRDC's position with respect to their
206 proposed modifications to the NTG Framework.

207 **Q. Why do you believe the utilities' subcontractors would not oppose an**
208 **updated NTGR value that was otherwise a consensus updated NTGR value?**

209 A. Objecting to a consensus NTGR value means that these subcontractors object to
210 a NTGR value supported by their employer. This is not in the subcontractors'
211 best interests. Indeed, my experience to date during the development of the IL-
212 TRM and the TRM Update Process demonstrates to me that subcontractors,
213 including Evaluators and implementation contractors, do not attempt to delay that
214 consensus-reaching process, even though they may not have necessarily agreed
215 with the consensus that was reached. Thus, there is no basis for introducing a
216 drastic shift in the Commission-designed SAG changing its fundamental structure
217 as a consensus building advisory group.

218 **Q. What are your concerns with introducing the drastic shift in the SAG**
219 **structure as proposed by the AG/ELPC NTG Framework?**

220 A. When the Commission ordered the SAG's creation in ICC Docket No. 07-0540,
221 the Commission explicitly provided that the group include representation from a
222 "variety of interests." Commonwealth Edison Co., ICC Order Docket No. 07-
223 0540, 33 (Feb. 6, 2008) ("Plan 1 Order"). The SAG is a voluntary group
224 consisting of over thirty organizations,⁵ with new organizations requesting to
225 participate in the SAG throughout the Plan. The AG/ELPC NTG Framework
226 proposal to create a voting structure that is limited to a small portion of SAG

⁵ <http://www.ilsag.info/meeting-participants.html>

227 participants is completely contrary to the inclusiveness that the SAG has
228 provided to date. Indeed, this openness to all interested parties could likely be a
229 reason why the participation in the SAG continues to grow. Adoption of the
230 AG/ELPC “voting structure” for NTG updates may serve to offend many SAG
231 participants and discourage future participation by organizations. The
232 Commission should reject the proposal to significantly shift the structure of the
233 SAG process to make certain SAG participants more equal than others.

234 **Q. Mr. Mosenthal indicates that “if any other party or parties that fits that criteria**
235 **were to join and become more active and desire to participate in voting on**
236 **NTG consensus issues, I would support that right, so long as they do not**
237 **have a clear conflict such as being a contractor for a utility program.” (AG**
238 **Ex. 1.0C, 38:10-13.) How do you respond?**

239 A. The criteria used by Mr. Mosenthal to choose voting parties includes: “entities
240 have been regular, active members of the SAG and that, to date, do not have
241 any obvious conflicts[.]” (AG Ex. 1.0C, 38:8-10.) Mr. Mosenthal does not set
242 forth a process where the Commission would approve the addition of new voting
243 parties. Presumably, a Commission determination that the party does not have
244 any obvious conflicts would be necessary. Based on the criteria proposed by Mr.
245 Mosenthal, it seems that the utilities have obvious conflicts given that they are
246 subject to penalties and potentially loss of the EE programs if they fail to meet
247 the energy savings goals approved by the Commission (220 ILCS 5/8-103(i)),
248 and lowering of a NTGR value makes it more difficult to reach such goals. Yet,

249 Mr. Mosenthal includes the utilities as voting parties in the AG/ELPC NTG
250 Framework.

251 It is also not clear how exactly the voting process would work if certain voting
252 parties are unavailable to participate during NTG discussions. For example, if one
253 of the special SAG voting parties spent no time reviewing any of the information
254 contained in the NTG memorandums submitted by the Evaluators or if they failed to
255 attend the SAG meetings where the proposed NTG ratios were discussed, it is not
256 clear under the AG/ELPC NTG Framework whether their voting party status would
257 be suspended for the program year, or whether they would be required to vote
258 even though they failed to participate throughout the entire NTG update process.
259 AG witness Mosenthal expresses concerns about allowing any SAG participant the
260 right to refuse to agree to a NTG consensus position regardless of whether that
261 party has any particular knowledge or expertise on the issue, yet Mr. Mosenthal's
262 creation of voting parties makes no assurances that such voting parties have any
263 particular knowledge or expertise on the NTG issues for which they would be voting
264 on.

265 **Q. Without designating specific voting parties, will it be possible to determine**
266 **whether consensus has been reached regarding updated NTGR values?**

267 A. Yes. This approach is consistent with past Commission practice (e.g., the annual
268 IL-TRM Update Process). (See, Staff Ex. 3.2, 6, 8.) The SAG is currently able to
269 determine whether consensus has been reached on IL-TRM Updates without
270 modifying the SAG structure and without identifying specific voting parties. Id.
271 Staff's Modified Illinois NTG Framework includes a process where any interested

272 party must dissent in writing by a specific date to indicate there are non-
273 consensus updated NTGR values. (See, Staff Ex. 1.1.) Further, the independent
274 Evaluators are tasked with providing meeting notes after the NTG update
275 meetings which can clearly document consensus and non-consensus NTGR
276 values.

277 **2. OTHER PROBLEMS WITH THE AG/ELPC NTG FRAMEWORK**

278 **Q. Please describe the other problems with the AG/ELPC NTG Framework that**
279 **would make it difficult to implement in practice if the Commission approved it**
280 **without modification.**

281 A. Some of the other problems with the AG/ELPC NTG Framework include: (1) the
282 TRM annual update docket specified for the annual filing of deemed NTGR
283 values is not open on March 1; (2) the date to reach consensus by is the same
284 date that the annual filing of deemed NTGR values must occur; (3) the deadline
285 for the non-residential program NTGR recommendations from the Evaluators
286 does not allow for incorporating the previous year's evaluation results; (4) the
287 formula used to resolve non-consensus NTGR values is internally inconsistent
288 within the AG/ELPC NTG Framework; and (5) the equation used for resolving
289 non-consensus NTGR values has undefined terms. While these are not the only
290 concerns associated with the AG/ELPC NTG Framework, these five problems
291 are real problems which would significantly frustrate any attempts at
292 implementing the AG/ELPC NTG Framework. Staff's Modified Illinois NTG
293 Framework (Staff Ex. 1.1) is, to the best of Staff's knowledge, free of these

294 problems and provides a framework that would be workable in practice. I
295 describe each of these issues in more detail below.

296 a) THE TRM ANNUAL UPDATE DOCKET SPECIFIED FOR THE ANNUAL
297 FILING OF DEEMED NTGR VALUES IS NOT OPEN ON MARCH 1.

298 **Q. Please explain the concern you have regarding the TRM annual update**
299 **docket specified for the annual filing of deemed NTGR values not being open**
300 **on March 1.**

301 A. The AG/ELPC NTG Framework proposal requires the utilities to file the deemed
302 NTGR values in the TRM annual update docket by March 1, and if such filing
303 does not occur by that date, then the utilities are subject to retroactive
304 application. (AG Ex. 1.1, 4; ELPC Ex. 1.2, 4.) The problem with this approach is
305 that there is no guarantee, nor is it even envisioned in the Commission-adopted
306 IL-TRM Policy Document (Staff Ex. 3.2), that the TRM annual update docket will
307 even be open by March 1, potentially resulting in annual retroactive application of
308 NTGR values for the utilities under the AG/ELPC NTG Framework. The adopted
309 IL-TRM Policy Document states:

310 In order to provide the Program Administrators adequate time for
311 making these pre-program year changes, the consensus Updated
312 TRM shall be transmitted to the ICC Staff and SAG by March 1st. The
313 ICC Staff will then submit a Staff Report (with the consensus Updated
314 TRM attached) to the Commission with a request for expedited review
315 and approval. In the event that non-consensus TRM Updates exists,
316 the TRM Administrator shall submit to the ICC Staff and SAG a
317 Comparison Exhibit of Non-Consensus TRM Updates on or about
318 March 1st. After receipt of the Comparison Exhibit of Non-Consensus
319 TRM Updates, the ICC Staff would submit a Staff Report to the
320 Commission to initiate a proceeding separate from the consensus
321 TRM Update proceeding to resolve the non-consensus TRM Update
322 issues.

323 (Staff Ex. 3.2, 8.) There is no TRM update docket required to be open on March 1;
324 the Updated TRM (consensus portion) is simply transmitted to SAG on that date,
325 and the non-consensus portion of the Updated TRM is transmitted on or about
326 March 1. After receipt of the Updated TRM and submission of the Staff Report, the
327 Commission would initiate the TRM Update proceeding at one of the Commission
328 meetings following receipt of such Staff Report (after March 1). Clearly, the
329 AG/ELPC NTG Framework in this regard is unworkable in practice given the annual
330 TRM Update proceeding is not even envisioned to have been initiated by the
331 Commission by the March 1 deadline specified in their framework. Staff's Modified
332 Illinois NTG Framework resolves this issue by requiring the utilities to file the
333 deemed NTG values in ICC Docket No. 12-0528, which is the docket in which the
334 Commission approved the IL-TRM Version 1.0. (Staff Ex. 1.1, 3:10.) The filing of
335 all deemed NTG values in that docket will enable parties to easily find the deemed
336 NTG values and keep track of the NTG values as they are updated over time for all
337 the Illinois utilities.

338 **b) THE DATE TO REACH CONSENSUS BY IS THE SAME DATE THAT THE**
339 **ANNUAL FILING OF DEEMED NTGR VALUES MUST OCCUR.**

340 **Q. Please describe the concern you have with the AG/ELPC NTG Framework**
341 **regarding the date to reach consensus by is the same date that the annual**
342 **filing of deemed NTGR values must occur.**

343 A. The AG/ELPC NTG Framework provides that parties are allotted until March 1 to
344 reach consensus and it also provides that the deemed NTGR values must be
345 filed by March 1 or the utilities will be subject to retroactive application of NTGR
346 values. In the event that consensus is actually reached on March 1, the parties

347 would need time to revise relevant documents to incorporate the consensus
348 reached before they actually file them in a docket. The AG/ELPC NTG
349 Framework proposal is unworkable in this regard because it provides no time to
350 revise documents to reflect the consensus reached. (AG Ex. 1.1, 4; ELPC Ex.
351 1.2, 4.) Staff's Modified Illinois NTG Framework resolves this issue by specifying
352 that parties are allotted until February 20 to reach consensus, and it provides
353 time after that date to prepare the filing of deemed NTGR values. (Staff Ex. 1.0,
354 36; Staff Ex. 1.1, 3, 5.) Specifically, the utilities are provided until March 5 to file
355 the deemed NTGR values or the utilities will be subject to retroactive application
356 of NTGR values. (Staff Ex. 1.1, 3:10, 5:10.)

357 **c) THE DEADLINE FOR THE NON-RESIDENTIAL PROGRAM NTGR**
358 **RECOMMENDATIONS FROM THE EVALUATORS DOES NOT ALLOW FOR**
359 **INCORPORATING THE PREVIOUS YEAR'S EVALUATION RESULTS.**

360 **Q. Please explain the concern you have with the AG/ELPC NTG Framework**
361 **regarding the deadline for the non-residential program NTGR**
362 **recommendations from the Evaluators not allowing for incorporating the**
363 **previous year's evaluation results.**

364 A. The AG/ELPC NTG Framework requires the Evaluator's memorandum for all
365 NTGRs to be submitted by November 1. (AG Ex. 1.1, 3; ELPC Ex. 1.2, 3.) The
366 Evaluators note that they can commit to providing draft NTGR results by
367 December 1 for non-residential programs, not November 1. (Staff Ex. 1.2, 1.)
368 Thus, under the AG/ELPC NTG Framework it is likely that the initial Evaluator's
369 memorandum will not reflect the most recent findings with respect to estimating
370 NTGRs for the utilities' non-residential programs. Given this problem with the

371 AG/ELPC NTG Framework, the AG indicates support for Staff's proposal in this
372 regard. (AG Ex. 1.0C, 34:3-8.)

373 d) THE FORMULA USED TO RESOLVE NON-CONSENSUS NTGR VALUES
374 IS INTERNALLY INCONSISTENT WITHIN THE AG/ELPC NTG FRAMEWORK.

375 **Q. Please describe the internal inconsistencies within the AG/ELPC NTG**
376 **Framework regarding the resolution for non-consensus NTGR values.**

377 A. The AG/ELPC NTG Framework provides for two different approaches in the case
378 an individual NTGR value is determined to be non-consensus. This
379 inconsistency can be seen by comparing Item 3 of the "Narrative Explanation of
380 the Modified NTG Framework" to Item 8 of the "Proposed Timeline." (See, AG
381 Ex. 1.1, 2-3; ELPC Ex. 1.2, 2-3.)

382 Item 3 of the "Narrative Explanation of the Modified NTG Framework" states:

383 In cases where consensus is not reached on an individual NTGR value
384 by March 1 (PYt), the NTGR value for the applicable program year
385 (PYt+1) shall be the average of the last two available evaluated NTGR
386 values from prior years (or only one year if that was the first evaluated
387 year of the program available), provided that the Program
388 Administrators file the non-consensus NTGR values with the
389 Commission for information purposes in the TRM annual update
390 docket no later than March 1 (PYt). In the event there is non-
391 consensus on an individual deemed NTGR value and there are no
392 Illinois evaluations available, the Program Administrators shall file the
393 non-consensus positions and rationales, and request the Commission
394 rule within 90 days on the deemed NTGR to be used for PYt+1.

395 (AG Ex. 1.1, 2; ELPC Ex. 1.2, 2 (emphasis added).) I interpret the emphasized text
396 to mean that the deemed NTGR value is the average of evaluated NTGR values
397 that are *currently available* (e.g., $NTGR_{PYt+1}=(NTGR_{PYt-1}+NTGR_{PYt-2})/2$) at the time
398 the NTG deliberations are occurring in the program year (PYt). Based on Mr.
399 Mosenthal's testimony, it appears that this specification was the intent of the

400 AG/ELPC NTG Framework. (AG Ex. 1.0C, 34:14-16.) Indeed, this approach is
401 consistent with Mr. Mosenthal's explanation of differences between Staff's and the
402 AG/ELPC's proposal. (AG Ex. 1.0C, 34-35.) As is clearly evident, the proposed
403 approach in Item 3 results in using NTGR values that are over two years old and
404 the utilities are aware what the average of the two old NTGR values are such that it
405 effectively creates a lower bound and reduces the utilities' incentive to negotiate in
406 good faith on a deemed NTGR value with the SAG.⁶ (AG Ex. 1.0C, 34-35; see,
407 Staff Ex. 2.0, 18-19.) Importantly, Mr. Mosenthal supports Staff's approach, which
408 is consistent with Item 8 of the "Proposed Timeline" of the AG/ELPC NTG
409 Framework, as discussed below. (AG Ex. 1.0C, 34-35.)

410 Item 8 of the "Proposed Timeline" states:

411 In cases where consensus is not reached on an individual NTGR value
412 by March 1 (i.e., a NTGR Objection Memo is received regarding an
413 individual NTGR value and is not resolved by March 1), the NTGR
414 value for the applicable program year (PYt+1) shall be deemed at the
415 average of the evaluated NTGR values from PYt and PYt-1.⁷ In the
416 event there is non-consensus on an individual NTGR value and there
417 are no Illinois evaluations available, an explanation of the non-
418 consensus issue may be filed with the Commission with a request for
419 resolution prior to June 1.

420 (AG Ex. 1.1, 3; ELPC Ex. 1.4, 3 (emphasis added).) I interpret the emphasized
421 text, which is consistent with Staff's Modified Illinois NTG Framework, to mean that
422 the deemed NTGR value for PYt+1 is the average of the evaluated NTGR values

⁶ This reduced incentive to negotiate due to the creation of a lower bound is comparable to the incentive faced by the utilities under NRDC witness Neme's recommended NTG framework modifications as described earlier in this testimony. Under Mr. Neme's recommended NTG framework modifications, the Evaluators' initially recommended NTG values create the lower bound since the Evaluators are provided the final decision-making authority. Thus, the utilities have an incentive to only negotiate with the SAG on higher NTG values than those recommended by the Evaluators. This is clearly problematic and would create an upward bias in the deemed NTG values.

⁷ For a program that only has one year of evaluated NTG then that single year will be used.

423 from the current program year (PYt) and the previous program year (PYt-1) (e.g.,
424 $NTGR_{PYt+1}=(NTGR_{PYt}+NTGR_{PYt-1})/2$). The proposed approach in Item 8 provides
425 for the utilities to know one of the NTGR values and in certain cases it may know
426 both (e.g., Ameren’s PY5 Residential Lighting Program NTGR was available in
427 March of PY5). But generally speaking, the utilities would know one of the NTGR
428 values and have partial retrospective application of the NTGR evaluated for PYt
429 under Item 8. (See, Staff Ex. 2.0, 15-19.) Given the utilities are subject to three-
430 year cumulative goals, not knowing the NTGR evaluated for PYt until several
431 months later should still provide the utilities enough time to adjust their portfolios in
432 a manner that helps ensure they can reach the three-year cumulative goals. In
433 other words, the utilities do not face insurmountable risk until the partial
434 retrospective application approach that would be applied only in instances where
435 consensus cannot be reached.

436 **e) THE EQUATION USED FOR RESOLVING NON-CONSENSUS NTGR**
437 **VALUES HAS UNDEFINED TERMS.**

438 **Q. Please explain the concern you have with the AG/ELPC NTG Framework with**
439 **respect to the equation used for resolving non-consensus NTGR values**
440 **having undefined terms.**

441 A. The AG/ELPC NTG Framework is missing a definition for “Evaluated NTGR
442 values.” This is problematic as it could be interpreted in a variety of ways.
443 “Evaluated NTGR values” potentially could mean the NTGRs estimated from
444 surveys of the utility’s participating customers and trade allies, regardless of
445 whether the Evaluator recommended the NTGR be a mix of secondary and

446 primary data, or even if the Evaluator recommended to totally ignore a portion of
447 the primary data.

448 In contrast, Staff's NTG Framework proposal contains a definition for this
449 phrase to eliminate this issue. (Staff Ex. 1.1, 3:fn 5.)

450 In cases where consensus is not reached on an individual NTGR value
451 by February 20 (i.e., a *Party's NTGR Objection Memo* is received
452 regarding an individual NTGR value and is not resolved by February
453 20), the non-consensus individual NTGR value for the applicable
454 program year (PYt+1) shall be deemed at the average of the evaluated
455 NTGR values⁸ from PYt and PYt-1.⁹

456 (Staff Ex. 1.1, 3.) The term "evaluated NTGR values" as used in this context is
457 defined in footnote five on page three of Staff Ex. 1.1: "Evaluated NTGR values are
458 NTGR values estimated by the evaluators using only data collected from the
459 Utility's customers and contractors in the Utility's service territory." Id. The
460 Evaluators are allowed to estimate a NTGR value for PYt and PYt-1 by any means
461 they determine appropriate within the constraints of the definition set forth in
462 footnote five on page three of Staff Ex. 1.1. The use of the term "from" in the
463 phrase "evaluated NTGR values from PYt" means the NTGR values were
464 estimated by the Evaluators using survey data derived from program participants
465 that participated during PYt. Similarly, the use of the term "from" in the phrase
466 "evaluated NTGR values from PYt-1" conveys the fact that the survey data that the
467 Evaluators use to estimate the NTGR value must arise out of customers who
468 participated in the program during PYt-1.

⁸ Evaluated NTGR values are NTGR values estimated by the evaluators using only data collected from the Utility's customers and contractors in the Utility's service territory.

⁹ If only one evaluated NTGR value will be available, then that single evaluated NTGR value shall be deemed.

469 **3. NTGR VALUES FOR PROGRAM YEAR 7**

470 **Q. Given the timeframe in Staff’s and the AG/ELPC’s NTG Frameworks has**
471 **passed for the first program year of Plan 3, what NTGR values should be**
472 **deemed for program year 7?**

473 A. The Commission should direct ComEd to work with the SAG to reach consensus
474 on NTGR values to deem for program year 7 and include such NTGR values for
475 program year 7 in the remodeling of ComEd’s portfolio for its Revised Plan filed
476 as a compliance filing in this docket. The PY7 NTG discussion should initiate
477 with a memorandum from ComEd’s Evaluator containing its initial
478 recommendations for deeming NTGR values for PY7; this approach is consistent
479 with the first step in both Staff’s Modified Illinois NTG Framework and the
480 AG/ELPC NTG Framework proposals.

481 **B. REALIZATION RATE FRAMEWORK**

482 **Q. How did parties respond to ComEd’s Realization Rate Framework proposal?**

483 A. NRDC witness Neme supports ComEd’s proposal, saying that “[i]t is reasonable
484 to eliminate risks over which the Company has no control.” (NRDC Ex. 1.0, 28.)
485 ELPC witness Crandall recommends that “the Commission should approve it
486 conditionally subject to a thorough review and a favorable recommendation by
487 the SAG.” (ELPC Ex. 1.0, 28.) Mr. Crandall wants to “allow the SAG participants
488 and evaluation contractors to carefully review and consider the implications of the
489 revised realization framework on the TRM and the NTG framework and
490 scheduling[.]” Id. He believes the Commission should “allow the use of a

491 realization framework that is consistent with the Commission's approved net to
492 gross framework." (ELPC Ex. 1.0, 28.)

493 AG witness Mosenthal does not support ComEd's request to deem
494 realization rates. (AG Ex. 1.0C, 38-39.) Mr. Mosenthal contends that realization
495 rates that are lower than one can "come from a number of things, including utility
496 errors in its database, failure to accurately apply the agreed upon TRM values, or
497 other factors that are generally in control of the utilities and/or their contractors. As
498 a result, realization rates going forward should be presumed for planning purposes
499 to be 1.0. In other words, from a planning perspective, one should assume the
500 savings being tracked in the database are correct based on the established TRM
501 rules and actual program activity." (AG Ex. 1.0C, 38.) As noted in my direct
502 testimony, I do not support ComEd's request to deem realization rates because
503 ComEd does not face unmanageable risk and adoption of such framework is
504 inconsistent with Commission policy specified in the IL-TRM Policy Document (Staff
505 Ex. 3.2) that was adopted by the Commission in ICC Docket No. 13-0077. Ameren
506 Ill. Co., Commonwealth Edison Co., The Peoples Gas Light and Coke Co., North
507 Shore Gas Co., and Northern Ill. Gas Co., ICC Order Docket No. 13-0077, 6-7
508 (March 27, 2013) ("IL-TRM Policy Order"); ICC Order on Rehearing Docket No. 13-
509 0077, 8, 11, 17-19 (Oct. 2, 2013) ("IL-TRM Policy Order on Rehearing"); (Staff Ex.
510 1.0, 39-42; Staff Ex. 3.2, 11-12.)

511 **Q. Did NRDC's or ELPC's testimony convince you to support ComEd's**
512 **Realization Rate Framework proposal?**

513 A. No. The Commission should reject ComEd's Realization Rate Framework
514 proposal because ComEd does not face unmanageable risk and adoption of
515 such framework is inconsistent with Commission policy specified in the IL-TRM
516 Policy Document that was adopted by the Commission in ICC Docket No. 13-
517 0077. (Staff Ex. 1.0, 39-42; Staff Ex. 3.2, 11-12.) Finally, there is nothing to
518 prohibit ComEd from assuming conservative realization rates of less than one in
519 its internal tracking estimates of program savings achieved throughout the
520 program year.

521 **C. CFL CARRYOVER**

522 **Q. AG witness Mosenthal indicates there has been some uncertainty with**
523 **respect to how to calculate CFL carryover savings. (AG Ex. 1.0C, 21:3-4.) Do**
524 **you agree?**

525 A. Yes. I agree there previously was some degree of uncertainty concerning CFL
526 carryover calculations, but to a large degree it has been addressed and clarified
527 in the most recent update to the IL-TRM that the Commission approved. (See,
528 IL-TRM Version 2.0, ICC Docket No. 13-0437.)

529 **Q. Mr. Mosenthal proposes to discontinue CFL carryover. (AG Ex. 1.0C, 20.)**
530 **What is your response?**

531 A. If Mr. Mosenthal wants to remove CFL carryover from the IL-TRM then he should
532 submit a recommendation for a TRM Update through the TRM Update Process
533 outlined in the Commission-adopted IL-TRM Policy Document. (Staff Ex. 3.2, 5-
534 8.) The proper forum to raise this issue is not a single utility's three-year plan

535 filing docket, when the IL-TRM impacts all the Illinois program administrators.
536 Thus, I recommend that the Commission decline to rule on Mr. Mosenthal's
537 proposal to discontinue CFL carryover in this docket.

538 **Q. Several parties recommend that ComEd should include an estimated amount**
539 **of savings expected from CFL carryover from CFLs purchased in PY5 and**
540 **PY6 in the savings estimates presented in its Plan. (AG Ex. 1.0C, 19; CUB-**
541 **City Ex. 1.0, 19; NRDC Ex. 1.0, 12-13.) Do you agree?**

542 A. Yes. As noted in my direct testimony, ComEd is required to follow the IL-TRM
543 when submitting its Plan and thus estimating the amount of savings from CFL
544 carryover bulbs should be included. (Staff Ex. 1.0, 8.) The Commission-
545 approved IL-TRM Version 2.0 provides that the gross savings calculations for the
546 CFL carryover bulbs should be based on the evaluated savings for the year the
547 bulb is installed (i.e., the baseline determined for the installation year), although
548 the NTGR for CFL carryover bulbs should be that evaluated during the year the
549 CFLs were purchased. (IL-TRM Version 2.0, 500-515, ICC Docket No. 13-0437.)
550 ComEd should direct its Evaluator to provide an estimate of expected CFL
551 carryover from PY5 and PY6 purchased bulbs that will be installed in PY7 and
552 PY8 such that ComEd can then incorporate these savings estimates into a
553 Revised Plan.

554 Both Mr. Mosenthal and Mr. Neme attempt to perform the necessary
555 calculations to arrive at an estimate of CFL carryover savings that should be added
556 to ComEd's Plan. While Mr. Mosenthal calculates this underestimate at 78,999
557 megawatt-hours ("MWh"), Mr. Neme calculates this underestimate at approximately

558 19,000 MWh over Plan 3. (NRDC Ex. 1.0, 13; AG Ex. 1.0, 20.) I have not verified
559 the accuracy of either the AG's or NRDC's calculations of CFL carryover. ComEd's
560 Evaluator should be directed to perform the necessary calculations and verify the
561 accuracy of the AG's and NRDC's calculations.

562 **D. RESPONSE TO AG WITNESS MOSENTHAL (AG EX. 1.0C)**

563 **1. EM&V SCHEDULES FOR TRM AND NTG UPDATES (AG EX. 1.0C, 44.)**

564 **Q. Mr. Mosenthal requests that the Commission direct ComEd to work with the**
565 **SAG on “[i]mproving the evaluation, measurement and verification (EM&V)**
566 **process so that [the Evaluators’] reports are produced in a timely fashion to**
567 **inform [the Illinois Statewide Technical Reference Manual (“TRM”)] and NTG**
568 **updates[.]” (AG Ex. 1.0C, 44.) Do you support Mr. Mosenthal’s request to**
569 **improve the EM&V process so that the Evaluators’ reports are produced in a**
570 **timely fashion to inform TRM and NTG updates?**

571 **A.** I agree with this concept and in fact Staff has been working to encourage the
572 Evaluators to deliver EM&V reports concerning TRM and NTG updates in a more
573 timely fashion. However, I believe it would be much more efficient for the
574 Commission to resolve this issue in this docket and adopt the workable timelines
575 suggested by the Evaluators for TRM and NTG updates (Staff Ex. 1.2), rather
576 than the Commission directing ComEd to work with the SAG concerning this
577 evaluation timing issue as requested by Mr. Mosenthal.

578 One of the drivers of the date the NTG results are produced is the date the
579 Evaluators finally receive the final EE program tracking system information from the
580 program administrators after the program year has ended. (Staff Ex. 3.1, 1-2.)

581 Because final tracking system information is not needed for updating the TRM, the
582 utilities' Evaluators suggest that the annual TRM Update Process can begin much
583 earlier (i.e., July 1, with much of the work due from the Evaluators on August 1 and
584 October 1) than the process for updating NTG ratios (i.e., November 1 for
585 residential NTG ratios and December 1 for non-residential NTG ratios). (Staff Ex.
586 1.2, 1.)

587 Evaluators worked collaboratively to produce a single set of suggested
588 timelines that could work well to update the deemed values for both the TRM and
589 NTG ratios on an annual basis. (Staff Ex. 1.2, 1.) Thus, in the interest of resolving
590 the issue raised by the AG in this docket which would free up limited SAG
591 resources for addressing unresolved matters that actually require SAG's attention,
592 the Commission should adopt the Evaluators' suggested EM&V schedules for TRM
593 and NTG updates as set forth in Staff Ex. 1.2.

594 **2. CREATION OF AN ILLINOIS ENERGY EFFICIENCY POLICY MANUAL (AG EX.**
595 **1.0C, 45.)**

596 **Q. Mr. Mosenthal requests that the Commission direct ComEd to work with the**
597 **SAG on “[a]n Illinois Energy Efficiency Policy Manual, designed to streamline**
598 **and encourage consistency on various program-related policies for review**
599 **and approval by the Commission.” (AG Ex. 1.0C, 45.) Do you support Mr.**
600 **Mosenthal's request to have the Commission order ComEd to work with the**
601 **SAG to develop such a manual for review and approval by the Commission?**

602 **A.** Not at this time. As an initial matter, it is not evident what problem the creation of
603 such Policy Manual is intended to fix. Indeed, the scope of the Policy Manual is

604 not clearly defined, other than noting a broad-slated purpose that it would
605 somehow “streamline and encourage consistency on various program-related
606 policies[.]” (AG Ex 1.0C, 45:5-6.) The undefined nature of such proposal and the
607 potentially broad interpretation that could be construed from the terms, “various
608 program-related policies,” could be a significant source of contention in even the
609 early development stages.

610 With respect to consistency, the statute recognizes that coordination and
611 consistency may be valuable across electric and gas programs *to the extent it*
612 *reduces program or participant costs or improves program performance.* Section 8-
613 104 of the Act requires the Commission to solicit public comment on a plan “to
614 foster statewide coordination and consistency between statutorily mandated natural
615 gas and electric energy efficiency programs to reduce program or participant costs
616 or to improve program performance[.]” and to report the Commission’s findings to
617 the General Assembly. 220 ILCS 5/8-104(k). The Commission has already
618 complied with such directive earlier this year. The Commission’s report to the
619 General Assembly demonstrates that existing efforts, including the SAG process,
620 are sufficient.¹⁰

621 Notwithstanding the electric and gas coordination and consistency provision,
622 the statutes also recognize that each utility’s plan will likely not be consistent with
623 other utilities’ plans. Instead, it would be more appropriate to tailor each utility’s
624 plan to the characteristics of its specific service territory. Section 8-103 of the

¹⁰<http://www.icc.illinois.gov/downloads/public/rl/Coordination%20Between%20Gas%20and%20Electric%20Utility%20Energy%20Efficiency%20Programs.pdf>;
<http://www.icc.illinois.gov/electricity/EnergyEfficiencyCoordination.aspx>.

625 Illinois Public Utilities Act (“Act”) states, “[e]ach utility's plan shall set forth the utility's
626 proposals to meet the utility's portion of the energy efficiency standards ... and the
627 demand-response standards ... taking into account the unique circumstances of
628 the utility's service territory.” 220 ILCS 5/8-103(f) (emphasis added); see, 220 ILCS
629 5/8-104(f). The record and findings in each utility’s Plan filing docket provide
630 sufficient guidance on how each utility should implement the EE programs in its
631 unique service territory, and the creation of new policies midstream outside of the
632 Plan filing dockets may serve to complicate and frustrate the utilities’ existing EE
633 program offerings to consumers.

634 Indeed, the Commission’s Plan 1 Order states:

635 This Commission agrees that coordination between Ameren and
636 ComEd, as well as with DCEO, when such coordination reduces costs
637 or administrative burdens, or, when such coordination would improve
638 program performance, is desirable. We encourage the utilities to
639 coordinate as much as possible. However, we decline to *require* the
640 utilities to do so. There are obvious differences in the territories of the
641 two utilities regarding many items, including, but not limited to, labor
642 costs, housing structure, population density, and, even topography.
643 The utilities must be able to retain the flexibility to address
644 appropriately those differences.

645 Plan 1 Order at 54.

646 The SAG has created a TRM Policy Document, which is a policy manual
647 concerning policy issues limited to the TRM. The SAG, Staff, and Commission
648 have expended a great deal of effort and time on the creation and adoption of this
649 TRM Policy Document. Creating a Policy Manual that would require “consistency
650 on various program-related policies” for all Illinois program administrators would
651 impose an excessive and unnecessary burden on all parties and would divert SAG

652 resources from more important matters such as ensuring the programs are running
653 effectively and updating the IL-TRM.

654 Finally, I am also concerned about imposing additional commitments upon
655 the SAG. The development of a Policy Manual is expected to be a significant
656 endeavor requiring significant resources to create. It would be appropriate for the
657 SAG to focus on accomplishing its existing responsibilities, rather than devote
658 significant SAG resources to create a Policy Manual. SAG has enough duties
659 dealing with the annual TRM and NTG updates and reviewing ComEd's quarterly
660 reports and program changes (see, AG Ex. 1.0, 43), such that it should concentrate
661 on those given the responsibility the Commission has previously directed the SAG
662 to undertake. Accordingly, the Commission should not adopt Mr. Mosenthal's
663 proposal to create a Policy Manual at this time.

664 **E. RESPONSE TO ELPC WITNESS CRANDALL (ELPC Ex. 1.0)**

665 **1. WORKSHOPS CONCERNING ADDITIONAL FINANCING (ELPC Ex. 1.0, 18-**
666 **23.)**

667 **Q. Mr. Crandall recommends that the "Commission should instruct its staff to**
668 **conduct a workshop and that the SAG and ComEd review the feasibility and**
669 **likely impact from the amortization/capitalization of energy efficiency and**
670 **demand response resources. The SAG and ComEd should submit**
671 **recommendations to the Commission within six months of the issuance of**
672 **the Order in this proceeding." (ELPC Ex. 1.0, 19-20.) Mr. Crandall further**
673 **suggests that "the Commission instruct the Staff to conduct a workshop and**
674 **ComEd and the SAG to review and prepare recommendations to the**

675 **Commission regarding the use of alternative financing option.” (ELPC Ex.**
676 **1.0, 23.) Do you support those recommendations?**

677 A. No, I do not. The basis of Mr. Crandall’s recommendations appears to be that
678 “funds available to ComEd as well as its customers in the form of incentives is
679 beginning to become a significant impediment to ComEd’s ability to meet the
680 statutory targets.” (ELPC Ex. 1.0, 18.) Mr. Crandall ignores the fact that
681 additional efforts are already underway to increase savings. In particular,
682 Section 16-111.5B of the Act provides a mechanism for the Commission to
683 approve, as part of the annual procurement plan proceedings, expansion of cost-
684 effective Section 8-103 EE programs and new cost-effective EE programs that
685 are incremental to the Section 8-103 EE efforts. Section 16-111.5B EE programs
686 are not subject to budget constraints, unlike Section 8-103 EE programs. ICC
687 Docket No. 13-0546 is the second procurement plan proceeding to consider
688 approving Section 16-111.5B EE programs. In that docket, the Illinois Power
689 Agency (“IPA”) is recommending Commission approval of \$168,019,111 to
690 implement eight EE programs in ComEd’s service territory for program years
691 (“PY”) 7-9, where program year 7 begins June 1, 2014. (2014 Procurement Plan,
692 88, ICC Docket No. 13-0456.) Additionally, Section 8-103 of the Act allows for
693 modifying the statutory targets if the goals cannot be achieved within the
694 spending limits. 220 ILCS 5/8-103(d). One key reason that the proposed level of
695 savings will fall short of the statutory targets is due to the statutory budget
696 restrictions. Given additional efforts are already underway to increase savings
697 based on the additional funding allowed by Section 16-111.5B of the Act and that

698 the statute clearly allows for modified savings goals, the Commission should
699 decline to direct Staff to conduct workshops concerning additional financing
700 options.

701 **F. RESPONSE TO NRDC WITNESS NEME (NRDC Ex. 1.0)**

702 **1. ELIMINATION OF THE ANNUAL EVALUATION PROCEEDING (NRDC Ex. 1.0,**
703 **30.)**

704 **Q. Mr. Neme does not support ComEd's suggestion that there be only one**
705 **evaluation docket every three years. (NRDC Ex. 1.0, 30.) What is the basis of**
706 **Mr. Neme's statement?**

707 A. Mr. Neme suggests that it is important to be clear about what progress is being
708 made towards the savings goals and that savings assumptions be updated over
709 the course of the three-year plan based on on-going evaluation work. Mr. Neme
710 states that "annual evaluation dockets during which savings achieved the
711 previous year are 'nailed down' and evaluation results are used to adjust
712 assumptions for the following year should remain important." (NRDC Ex. 1.0,
713 30.)

714 **Q. How do you respond to Mr. Neme's opposition to the elimination of the**
715 **annual evaluation dockets?**

716 A. I agree with the reasoning behind Mr. Neme's concerns. It is important to note
717 that the annual savings docket is not the forum where evaluation results are
718 considered for adjusting savings assumptions for the following year. Rather, the
719 evaluation results are used to adjust savings assumptions for the following year

720 as part of the annual TRM Update Process and through the annual TRM Update
721 proceeding. (Staff Ex. 3.2, 8.)

722 With respect to reporting savings achievements and program adjustments
723 made by the utilities, it would be addressed by the adoption of my recommendation
724 that the Commission should direct ComEd to provide semi-annual written reports to
725 the Commission in order to ensure the Commission would be kept apprised of this
726 information.

727 In the event my recommendation that ComEd should provide semi-annual
728 written reports to the Commission *is not* adopted, then I would support Mr. Neme's
729 proposal that annual evaluation dockets should continue. However, if my
730 recommendation that ComEd should provide semi-annual written reports to the
731 Commission *is* adopted, then the Commission's additional review during an annual
732 evaluation docket may not be necessary as the Commission can stay apprised of
733 program adjustments through ComEd's semi-annual written reports, annual
734 reconciliation proceedings, and annual TRM Update proceedings.

735 **2. SHIFT OVERHEAD COSTS TOWARD PROGRAMS (NRDC Ex. 1.0, 14-17.)**

736 **Q. Mr. Neme makes a number of recommendations concerning adjustments to**
737 **budgets in Education, Research and Development ("R&D"), and Labor Costs.**
738 **Do you support his recommendations? (NRDC Ex. 1.0, 14-17.)**

739 **A.** Yes. I am convinced by the arguments made by Mr. Neme that ComEd's initial
740 budgeted dollars for these activities are unreasonably high. (NRDC Ex. 1.0, 14-
741 17.) The Commission should adopt Mr. Neme's proposals and require ComEd to

742 file a Revised Plan incorporating these adjustments which would increase the
743 three-year savings goals by 75,000 MWh.

744 **III. CONCLUSION**

745 **Q. Does this conclude your prepared rebuttal testimony?**

746 **A. Yes.**

ICC Docket No. 13-0495

**Commonwealth Edison Company's Response to
Illinois Commerce Commission ("STAFF") Data Requests
JLH 2.01 – 2.10
Date Received: September 25, 2013
Date Initial Response Served: October 9, 2013
Date Supplemental Response Served: October 28, 2013**

REQUEST NO. JLH 2.01:

Please describe the Company's protocols, process, and timeline for each program at the close of the program year in terms of finalizing participation estimates, customer incentive applications, and other tracking system information necessary for the evaluators to produce the evaluation reports with final participation estimates. Please explain in detail the causes related to delays in finalizing tracking system information for each program for which finalization of the tracking system occurs after July 1st of each program year (i.e., over one month after the program year closes). Please explain the necessity of such delays. Please describe other processes the Company has considered to have tracking system information finalized by July 1st of each program year.

SUPPLEMENTAL RESPONSE:

Subject to and without waiving the objections noted in ComEd's Initial Response to Staff Data Request JLH 2.01, ComEd has set forth below narratives describing the finalization of data for key programs in the residential and business sectors.

Residential Lighting – This program receives bimonthly tracking system files from the implementer; these files contain validated product sales data from retailers that was received by the implementer since the prior file. The implementer strives to provide all data for a given program year prior to June 30 after the Plan Year ends; however, delivery of this data depends on the cooperation of the numerous retailers and manufacturers that serve as the conduit for the data flow to the implementer.

Appliance Recycling – ComEd receives daily data feeds from the implementer for this program, although this data is subject to adjustments as records are validated by the implementer as part of its quality control ("QC") process. While this QC process can take 15-30 days depending on the amount of data, the implementer is incented to finalize this data as expeditiously as possible (at the close of each month and at the end of the Plan Year) because it cannot invoice ComEd for data that has not been validated.

Multi-Family Energy Efficiency – ComEd receives daily data feeds from the implementer for this program, although (due to IT challenges on the implementer's platform) this data can be incomplete or delivered later than desired. Like the Appliance Recycling program, however, delivery of accurate, validated data is tied to the implementer's ability to invoice ComEd for its work. While there is no guarantee that this program will deliver data as expeditiously as ComEd desires, the implementer is working to achieve this level of timeliness.

Single Family Energy Efficiency – ComEd receives a weekly Excel file from the implementer, which contains all project and measure data for the program year-to-date. Final year-end data for this program is typically provided to ComEd by June 30 following year-end.

Business Incentives (Standard and Custom) – All data for this program is entered on a real-time basis into a web-based application that ComEd owns. ComEd’s implementer requires customers to submit finalized project data prior to May 31 each year. Once this data is received, the implementer must review the data, update savings calculations, and (in certain cases) conduct post-inspection and additional data collection. In some cases, customers provide incomplete data, or the post-inspection process takes longer than planned due to scheduling conflicts with the customer or findings that differ from the submitted final application. These issues can require several weeks, or even months, to address. ComEd notes that, in previous years it attempted to address this by establishing an earlier deadline for final project submission; however, this did little to affect the timing of project closeouts.

C&I Optimization – This program operates in a similar manner to Business Incentives as it pertains to year-end project closeout.

New Construction – All data for this program is entered by the implementer on a real-time basis into a dedicated tracking system owned by ComEd. Because the lifecycle of most new construction projects spans multiple program years, year-end closeout of tracking system data occurs in early June, and projects not yet completed are moved into the following year.

Mid-Stream Products – The Business Instant Lighting Discount program operates identically to the Residential Lighting program from a tracking and time perspective.

RESPONSE:

ComEd objects to this request on the grounds it is vague and ambiguous, overbroad, unduly burdensome, and seeks information that is neither relevant nor likely to lead to the discovery of admissible evidence in this docket. ComEd further objects to this request because it assumes facts not in evidence, is based on incorrect factual assumptions, and seeks to impose obligations not otherwise imposed by applicable law and Commission orders. Without waiving these foregoing objections or any of ComEd’s General Objections, ComEd states as follows.

Because each program in ComEd’s portfolio is unique, the date by which final, year-end data is available and provided to the independent evaluator will vary depending on the program and any contractors who are providing the information. ComEd coordinates with its contractors to provide the information as quickly as it becomes available.

**Policy Document
for the
Illinois Statewide
Technical Reference Manual
for Energy Efficiency**

**Final
As of October 25th, 2012**

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1 Purpose of the TRM

The purpose of the Illinois Statewide Technical Reference Manual (TRM) is to provide a transparent and consistent basis for calculating energy (electric kilowatt-hours (kWh) and natural gas therms) and capacity (electric kilowatts (kW)) savings generated by the State of Illinois' energy efficiency programs¹ which are administered by the Department of Commerce and Economic Opportunity (DCEO) and the state's largest electric and gas Utilities² (collectively, Program Administrators).

The TRM is a technical document that is filed with the Illinois Commerce Commission (Commission or ICC) and is intended to fulfill a series of objectives, including:

- “Serve as a common reference document for all... stakeholders, [Program Administrators], and the Commission, so as to provide transparency to all parties regarding savings assumptions and calculations and the underlying sources of those assumptions and calculations.
- Support the calculation of the Illinois Total Resource Cost test^[3] (“TRC”), as well as other cost-benefit tests in support of program design, evaluation and regulatory compliance. Actual cost-benefit calculations and the calculation of avoided costs will not be part of this TRM.
- Identify gaps in robust, primary data for Illinois, that can be addressed via evaluation efforts and/or other targeted end-use studies.
- [Provide] a process for periodically updating and maintaining records, and preserve a clear record of what deemed parameters are/were in effect at what times to facilitate evaluation and data accuracy reviews.
- ...[S]upport coincident peak capacity (for electric) savings estimates and calculations for electric utilities in a manner consistent with the methodologies employed by the utility's Regional Transmission Organization (“RTO”), as well as those necessary for statewide Illinois tracking of coincident peak capacity impacts.”⁴

1.1 Objectives and Purpose of the TRM Policy Document

The TRM Policy Document addresses several areas related to the updating and applicability of the TRM, including:

1. The TRM Update Process;
2. Applying the TRM in implementation, evaluation, and planning; and
3. Glossary with evaluation terms defined.

The purpose of the TRM Policy Document is to provide transparency of and consistency in the applicability of TRM values so that all stakeholders have a common reference document for measure, program and portfolio savings. This common reference document enables meaningful cross-program comparisons, provides a consistent basis for savings calculations, and creates stability and certainty for Program Administrators as they make program design and implementation decisions. In addition, a common and transparent reference document for the use and applicability of the TRM may reduce costs to Program Administrators and stakeholders in preparing and reviewing energy efficiency Plan filings and reporting and reviewing energy savings as review of savings occurs in a single, coordinated process rather than separately and independently for each of the Illinois Program Administrators.

¹ 220 ILCS 5/8-103 and 220 ILCS 5/8-104.

² In addition to DCEO, the Program Administrators include: Ameren Illinois, ComEd, Peoples Gas, North Shore Gas, and Nicor Gas (collectively, the Utilities).

³ The Illinois TRC test is defined in 220 ILCS 5/8-104(b) and 20 ILCS 3855/1-10.

⁴ Illinois Statewide Technical Reference Manual Request for Proposals, August 22, 2011, pages 3-4, http://ilsag.org/yahoo_site_admin/assets/docs/TRM_RFP_Final_part_1.230214520.pdf

2 TRM Update Process

Because technology is constantly improving, and markets are constantly changing, a TRM must be a living document to keep pace with change. Otherwise, the TRM will quickly become obsolete and the savings estimates may be perceived to be less reliable. The need to update the TRM can be driven by a number of events, including but not limited to, the following:

- Addition of new measure algorithms perceived to be reliable for TRM inclusion
- Impact of code or legislative changes to specific measures
- Introduction of new technologies and technology advancements
- Discovery of errors in existing TRM measure characterizations
- Changes to industry standard practice
- Changes to program designs and measure eligibility criteria
- Improved TRM input values developed through evaluations

The following sections outline the annual TRM Update Process, including roles and responsibilities for stakeholders in the TRM Update Process and a timeline for updating the TRM that is in sequence with the regulatory milestones that have already been set for future efficiency Plan filings. In addition to this process, the Illinois Energy Efficiency Stakeholder Advisory Group (SAG) Technical Advisory Committee (TAC) will continue to meet routinely as needed to discuss:

1. Any situations where a stakeholder believes that a TRM value should not apply as a condition set forth in Section 3.2 exists,
2. Any TRM mistakes,
3. Any TRM Update recommendations, or
4. Any other matters relating to the TRM.

2.1 Stakeholder Roles and Responsibilities

Formal recommendations for TRM Updates shall be submitted along with all supporting work papers consistent with the approved work paper format (as specified by the TRM Administrator) to the TAC. Although any party is free to recommend TRM Updates, the following stakeholders have ongoing responsibilities that can be specified.

1. **Evaluators** (Evaluation Teams, Independent Consultants) – The Evaluators have primary responsibility pursuant to 220 ILCS 5/8-103(f)(7) and 220 ILCS 5/8-104(f)(8) to provide independent evaluations of the performance of the Program Administrators' energy efficiency portfolios. To support this responsibility in the context of the TRM, Evaluators will use the Commission-approved TRM to perform *savings verification* (see glossary section) for prescriptive measures covered by the TRM, and, where warranted and budget allows, conduct *measure* and *program level research* (see glossary section) to inform future TRM Updates. The Evaluators shall collaborate with the Program Administrators and the TAC to determine appropriate data collection and analysis that supports TRM savings verification and TRM Updates while considering the administrative cost and participant burden associated with such data collection. The Evaluators make recommendations for TRM Updates and participate in the SAG and the TAC.
2. **ICC Staff** – The ICC Staff has primary responsibilities to make recommendations to the Commission, participate in the development of the annual TRM Update filing, make recommendations for TRM Updates, and participate in the SAG and the TAC. On or about March 1st of each program year, the ICC Staff shall submit a Staff Report (with the consensus Updated TRM attached) to the Commission to initiate the TRM Update proceeding, wherein the Commission would consider officially approving the Updated TRM. In the event that consensus is not reached regarding certain TRM Updates, the ICC Staff would submit a Staff Report to the Commission to initiate a proceeding to resolve the non-consensus TRM Update issues.

3. **Illinois Energy Efficiency Stakeholder Advisory Group⁵** (SAG) – The SAG is advised of and given the opportunity to comment on the TRM Administrator’s recommended TRM Updates prior to the Updated TRM being filed with the ICC. However, technical issues regarding the TRM are usually addressed substantively through the TAC, which is open to any SAG participant. SAG participants can make recommendations for TRM Updates.
4. **Program Administrators** (Utilities and DCEO) – The Program Administrators have primary responsibility to cost-effectively meet the energy savings targets defined by Illinois statute by implementing energy efficiency programs. The Program Administrators are also responsible for tracking program participation, reporting estimates of energy savings using TRM values (where such values exist), estimating cost effectiveness, and implementing the TRM savings values, including TRM Measure Codes and other information necessary to apply the TRM, through their tracking systems. The Program Administrators and the TAC collaborate with the Evaluators prior to the start of each program year to determine an appropriate balance of data collection necessary to update and implement the TRM in the upcoming program year while considering the administrative cost and participant burden associated with such data collection. The Program Administrators and the TAC make recommendations for TRM Updates. The Program Administrators may present to the SAG prior to the annual TRM Update proceeding, information explaining how the proposed TRM Updates impact their energy efficiency portfolios.
5. **SAG Technical Advisory Committee** (TAC) – The TAC is a subcommittee of the SAG whose primary responsibility is to provide a forum to allow all interested parties to recommend TRM Updates and facilitate consensus for TRM Updates among the Evaluators, ICC Staff, Program Administrators, environmental organizations, interested stakeholders (e.g., other SAG participants), and the TRM Administrator prior to the annual TRM Update proceeding. All recommendations for TRM Updates shall be submitted to the TAC. Where consensus does not emerge in the TAC regarding a particular TRM Update, the SAG provides a forum where experts on all sides of the contested issue can present their expert opinions in an effort to inform parties of the contested issue and to also facilitate consensus. Any documents filed with the ICC will reflect any areas where consensus is not reached through a “Comparison Exhibit of Non-Consensus TRM Updates” that sets forth the different expert opinions on any non-consensus TRM Update issues.
6. **TRM Administrator** (Independent Consultant) – The TRM Administrator has primary responsibilities to manage updates to the TRM document, present TRM Updates to the SAG and the TAC, coordinate with the SAG, serve as an independent technical resource, and—if desired by the SAG—manage a publicly accessible TRM website that contains TRM-related documents such as references, recommendations, responses, and versions of the TRM. The TRM Administrator reviews and responds⁶ to all formal TRM Update recommendations by a date specified in advance by the TRM Administrator, when updating the TRM for a specific program year. The TRM Administrator prepares the Updated TRM document (redlined and clean versions) each year for filing with the ICC based on recommended TRM Updates vetted through the TAC and the SAG. The TRM Administrator prepares a list of all the changes incorporated in the redlined Updated TRM document with rationale for each change. The TRM Administrator shall make any necessary revisions to the TRM to reflect the Commission Order from the annual TRM Update proceeding. Efforts will be made to ensure that all interested parties have equal and equally timely access to

⁵ The Commission first defined the SAG in the electric utilities’ first energy efficiency Plan Orders to include “... the Utility, DCEO, Staff, the Attorney General, BOMA and CUB and representation from a variety of interests, including residential consumers, business consumers, environmental and energy advocacy organizations, trades and local government... [and] a representative from the ARES (alternative retail electric supplier) community should be included.” Docket No. 07-0540, Final Order at 33, February 6, 2008. <http://www.ilsag.org/home>

⁶ The TRM Administrator’s “response” to a formal recommendation for a TRM Update shall explain whether the TRM Administrator agrees with the formal TRM Update recommendation (either in its entirety or as modified by the TRM Administrator) and the justification for the TRM Administrator’s recommendation.

information related to the TRM. To ensure independence of the TRM Administrator and transparency in the TRM Update Process, the TRM Administrator shall ensure that all requesting parties are copied on all correspondence between the TRM Administrator and any other party related to the Illinois Statewide TRM development and TRM Update Process and other activities associated with the TRM Administrator's role. The TRM Administrator shall provide detailed meeting notes after each TRM meeting to the TAC that includes a list of meeting attendees. The TRM Administrator shall keep a user-friendly log of all TRM recommendations, clarifications, errors, corrections, and typos submitted that may be organized at least by TRM Measure Code, commenter, and date of submission in a location accessible by TAC participants.

2.2 The Regulatory Schedule for Energy Efficiency Programs

Because technology and markets are so dynamic, a structured and ongoing TRM Update Process is necessary. The TRM Update Process needs to be aligned with Illinois' existing program planning, evaluation, and implementation cycles. These cycles are summarized in the following two tables. TRM implementation cycles could continue indefinitely absent a revision of this document approved by the Commission.

Table 2.1: Efficiency Plan Periods

Cycle	Electric Plan Filing Date	Electric Plan Approval	Applicable Electric Program Year (EPY)	Applicable Gas Program Year ⁷ (GPY)
1	Nov-07	Feb-08	EPY1 – EPY3	
2	Oct-10	Dec-10	EPY4 – EPY6	GPY1 – GPY3
3	Sep-13	Feb-14	EPY7 – EPY9	GPY4 – GPY6
4	Sep-16	Feb-17	EPY10 – EPY12	GPY7 – GPY9

Table 2.2: TRM Implementation Cycles

Cycle	EPY	GPY	Begins	Ends	Application in Evaluation and Implementation	Application in 3-Year Plan Filings
1	1		6/1/2008	5/31/2009	TRM does not apply to this cycle	TRM not used in this cycle
1	2		6/1/2009	5/31/2010		
1	3		6/1/2010	5/31/2011		
2	4	1	6/1/2011	5/31/2012	1 st ICC-approved TRM applies to GPY1 ⁸	TRM not used in this cycle
2	5	2	6/1/2012	5/31/2013	1 st ICC-approved TRM applies	
2	6	3	6/1/2013	5/31/2014	2 nd ICC-approved TRM applies	
3	7	4	6/1/2014	5/31/2015	3 rd ICC-approved TRM applies	2 nd ICC-approved TRM shall be used in Plan filing
3	8	5	6/1/2015	5/31/2016	4 th ICC-approved TRM applies	
3	9	6	6/1/2016	5/31/2017	5 th ICC-approved TRM applies	
4	10	7	6/1/2017	5/31/2018	6 th ICC-approved TRM applies	5 th ICC-approved TRM shall be used in Plan filing
4	11	8	6/1/2018	5/31/2019	7 th ICC-approved TRM applies	
4	12	9	6/1/2019	5/31/2020	8 th ICC-approved TRM applies	

⁷ Note that there is no statutory deadline for the approval of gas efficiency Plans. The gas efficiency Plan filing date is October 1st of the same year as electric Plan filings occur. 220 ILCS 5/8-104(f).

⁸ The 1st ICC-approved TRM is not required to be applied for DCEO and Ameren in GPY1 and Ameren, ComEd, and DCEO in EPY4. For Nicor Gas and Peoples Gas/North Shore Gas in GPY1, the 1st ICC-approved TRM is applicable in evaluation and not implementation.

2.3 Update Timeline and Process

The process of incorporating new and better information into the TRM occurs annually. Prior to the start of the program year for which the Updated TRM will be in effect, the Program Administrators will make portfolio adjustments and tracking system updates based in part on changes reflected in the Updated TRM. In order to provide the Program Administrators adequate time for making these pre-program year changes, the consensus Updated TRM shall be transmitted to the ICC Staff and SAG by March 1st. The ICC Staff will then submit a Staff Report (with the consensus Updated TRM attached) to the Commission with a request for expedited review and approval. In the event that non-consensus TRM Updates exists, the TRM Administrator shall submit to the ICC Staff and SAG a Comparison Exhibit of Non-Consensus TRM Updates on or about March 1st. After receipt of the Comparison Exhibit of Non-Consensus TRM Updates, the ICC Staff would submit a Staff Report to the Commission to initiate a proceeding separate from the consensus TRM Update proceeding to resolve the non-consensus TRM Update issues.

The evaluation research findings from one program year will be put into effect for the first time at the beginning of the program year following their incorporation (as determined by the TRM Update Process) into the TRM. However, it should be noted that it is appropriate and expected that any completed evaluation be considered for incorporation into the TRM as they become available. Evaluation research findings relevant to updating the TRM will be filed in the closed ICC docket in which the first TRM was approved (Docket No. 12-0528⁹), within fifteen (15) days of the initial draft, and within fifteen (15) days of the final evaluation research findings being submitted to the Program Administrator.

2.4 SAG Consensus on TRM Development and Updates

The Illinois Statewide Technical Reference Manual was developed to comply with the Commission's Final Orders from the electric and gas Utilities' energy efficiency Plan dockets. In the Final Orders, the ICC required the Utilities to work with DCEO and the SAG to develop a statewide TRM. *See, e.g., ComEd's Final Order (Docket No. 10-0570, Final Order¹⁰ at 59-60, December 21, 2010); Ameren's Final Order (Docket No. 10-0568, Order on Rehearing¹¹ at 19, May 24, 2011); Peoples Gas/North Shore Gas' Final Order (Docket No. 10-0564, Final Order¹² at 76, May 24, 2011), and Nicor Gas' Final Order (Docket No. 10-0562, Final Order¹³ at 30, May 24, 2011).* Each Utility's Order enables it to implement energy efficiency programs and also provides guidance concerning the TRM. Generally speaking, these Orders describe the TRM's creation and maintenance as being a collaborative process between the Program Administrators and the SAG. As a result and as a document that applies statewide, the TRM has been and will continue to be developed through a collaborative using the SAG process. In practice, this means that the TAC will work toward consensus on the issue first, and then bring the result to the SAG for its review and comment. Through the annual TRM Update Process, SAG participants shall make good faith efforts to reach consensus on all TRM Updates. Once consensus develops at the SAG level, the TRM Administrator will include the changes in the Updated TRM that is submitted to the Commission for approval.

In cases where consensus does not emerge out of the SAG process, the TRM Administrator will document the issue in a Comparison Exhibit of Non-Consensus TRM Updates and the non-consensus items will be submitted annually to the ICC for resolution in a proceeding separate from the consensus TRM Update proceeding. The Comparison Exhibit of Non-Consensus TRM Updates that is filed with the ICC will clearly lay out the different positions on non-consensus issues, and, to the extent possible, identify the parties who support each position.

⁹ <http://www.icc.illinois.gov/docket/Documents.aspx?no=12-0528>

¹⁰ <http://www.icc.illinois.gov/docket/files.aspx?no=10-0570&docId=159809>

¹¹ <http://www.icc.illinois.gov/docket/files.aspx?no=10-0568&docId=167031>

¹² <http://www.icc.illinois.gov/docket/files.aspx?no=10-0564&docId=167023>

¹³ <http://www.icc.illinois.gov/docket/files.aspx?no=10-0562&docId=167027>

3 Applying the TRM

This section defines the policies various stakeholders will follow to apply the TRM in the implementation, evaluation, and planning of Illinois energy efficiency programs.

3.1 Applicability of the TRM

Consistent with Commission policy, the Program Administrators have the flexibility to add or retire measures from their programs unilaterally as markets, technology and evaluation results change. Therefore, Program Administrators are free to implement prescriptive measures that are not included in the TRM as long as such measures are submitted to the TRM Update Process as soon as practicable. Similarly, Program Administrators are not required to implement every measure that is included in the TRM.

3.2 Using the TRM to Calculate Savings

The TRM is intended to bring a high level of standardization to the prescriptive measure savings that each Program Administrator uses across the state. To accomplish the goal of statewide standardization, Program Administrators are required¹⁴ to use the prescriptive savings algorithms and inputs that are specified in the TRM, subject to the following conditions for the three exceptions outlined below. For Cases 1 – 2 below, the Program Administrators are subject to retrospective evaluation risk (retroactive adjustments to savings based on evaluation findings) when deviating from the TRM. For Cases 1 – 3 below, the Program Administrators will present for comment to the TAC prior to using a value, approach or assumption that is not in the TRM. At least ten (10) business days prior to presenting Cases 1 – 2 to the TAC, the Program Administrator shall submit to the TAC the measure characterization and work papers in the approved work paper format so that the TAC has adequate time to meaningfully review and comment on the proposed variation to the TRM applicability. Furthermore, the Program Administrators bear retrospective risk if the ICC does not agree with measure values, including prescriptive savings inputs, used by the Program Administrators that differ from what is in the TRM. In situations that fall under Case 2, where consensus is reached in the TAC that the proposed variation to the TRM applicability is appropriate, then the TRM Administrator shall inform the Evaluators that they should evaluate savings for the applicable measure(s) using both the original ICC-approved TRM as well as under that new TAC agreed to approach. If such proposed variation to the TRM applicability is stipulated for acceptance by all the parties in the Program Administrator's savings docket, the evaluation under this alternative approach may be used in measuring savings toward compliance with the Program Administrator's savings goals.

1. The measure savings are being calculated on a customized basis.

A Program Administrator can choose to count savings for a TRM measure on a customized basis using actual or on-site parameter values. However, for the duration of a program year, once a measure savings calculation path is chosen—either on a customized or a prescriptive basis within a particular program—all instances of the measure within that program must be treated consistently. Also, prior to treating a TRM measure as a customized measure in a particular program, the Program Administrator will notify the TAC, and the treatment of the measure as a customized versus a prescriptively deemed measure will be discussed during the TRM Update Process. The Program Administrator is at risk for retroactive evaluation adjustments to savings in this case. Evaluators are not prohibited from using the Commission-approved TRM when evaluating a TRM measure that a Program Administrator has chosen to implement as a customized measure.

¹⁴ DCEO intends to begin using the TRM in GPY2/EPY5. Fully incorporating the TRM will require a fundamental restructuring of its database to accommodate the 5 cooling weather zones and 5 heating weather zones for weather sensitive measures. DCEO may consolidate the weather zones into an upstate and downstate weather zone for each measure rather than potentially having 10 different weather zones.

2. The TRM measure definition or prescriptive savings inputs do not correctly characterize a measure that is already implemented in an existing program.

Through the TRM development process, the TAC attempted to identify all of the measures that are currently being implemented in programs. The TAC also worked to ensure that the prescriptive savings inputs describe how the measure is being implemented in all of the current programs. However, the measures or prescriptive savings inputs in the TRM may not be appropriate given how the measure is actually implemented in a particular program, especially over time as programs and markets evolve. If the TRM measure or prescriptive savings inputs are no longer appropriate to how a measure is implemented in an existing program, the Program Administrator may modify savings inputs as long as the TAC is notified of the change prior to the Program Administrator using the modified savings inputs, and the measure definition change and/or modified prescriptive inputs are submitted to the TRM Update Process. Program Administrators should provide sufficient justification for using the modified savings inputs within a memo to the TAC for comment prior to using the alternative measure definition or prescriptive savings assumption. This documentation will also be used for the TRM Update Process. The Program Administrator is at risk for retroactive evaluation adjustments to savings in this case. In the event consensus is reached in the TAC that this modified savings approach is appropriate, the TRM Administrator shall inform the Evaluators to perform savings verification using both the original Commission-approved TRM measure savings as well as using the new modified savings approach. If the modified savings approach is stipulated for acceptance by all the parties in the Program Administrator's savings docket, the savings verification values from this modified savings approach may be used in measuring savings toward compliance with the Program Administrator's savings goals.

If a SAG or TAC participant believes that the TRM measure characterization does not adequately reflect savings of a measure, then it should inform the TAC of its concern and present an alternative. If consensus is reached that the alternative is more appropriate, then the TRM Administrator shall inform the Evaluators to also calculate savings under this alternative, in addition to performing savings verification using the Commission-approved TRM. If such alternative calculation is stipulated for acceptance by all the parties in the Program Administrator's savings docket, this alternative value may be used in measuring savings toward compliance with the Program Administrator's savings goals.

3. The measure does not yet exist in the TRM.

In this case, the Program Administrator is free to use algorithms and/or input values that do not yet appear in the TRM after discussing the new prescriptive measure with the TAC. At least ten (10) business days prior to presenting this case to the TAC, the Program Administrator shall provide to the TAC the "Components of the TRM Measure Characterization" for the new measure, and work papers in the approved format, so that the TAC has adequate time to meaningfully review and comment on the new prescriptive measure. This documentation will also be used for the TRM Update Process. The Program Administrator is at risk for retroactive evaluation adjustments to savings in this case. If consensus is reached regarding the components for the new measure characterization, then the TRM Administrator shall inform the Evaluators to also calculate savings using the agreed new measure characterization components, in addition to performing an evaluation of the new prescriptive measure. If such components are stipulated for acceptance by all the parties in the Program Administrator's savings docket, the Evaluator's savings calculations performed using the new measure characterization components may be used in measuring savings toward compliance with the Program Administrator's savings goals.

3.2.1 TRM Mistakes and Omissions

TAC participants should notify the TAC when a TRM mistake or omission is found. If a significant mistake or omission is found in the TRM that results in an unreasonable savings estimate, the Program Administrators, Evaluators, TRM Administrator, and TAC will strive to reach consensus on a solution that will result in a reasonable savings estimate. For example, an unreasonable savings estimate may result from an error or omission in the TRM.

In these limited cases where consensus is reached, the TRM Administrator shall inform the Evaluators to use corrected TRM algorithms and inputs to calculate energy and capacity savings, in addition to using the Commission-approved TRM algorithms and inputs to calculate savings. If the corrected TRM algorithms and inputs are stipulated for acceptance by all the parties in the Program Administrator's savings docket, then the corrected TRM savings verification values may be used for the purpose of measuring savings toward compliance with the Program Administrator's energy savings goals. Errors and omissions found in the TRM will be officially corrected through the annual TRM Update proceeding.

3.3 The TRM's Relationship to Portfolio Evaluation

Evaluators shall perform *savings verification* (see glossary section) and present savings estimates based on the Commission-approved TRM (subject to any consensus deviations set forth in Section 3.2 and dual reporting that may apply) within the evaluation reports of the Program Administrators' energy efficiency portfolios that are filed in the Program Administrators' savings dockets. These savings verification values shall be used for the purpose of measuring savings toward compliance with Program Administrators' energy savings goals for those measures.

Evaluators may also perform *measure and/or program level research* (see glossary section). Program Administrators shall file measure and/or program level evaluation research findings relevant to updating the TRM in the initial TRM approval docket (ICC Docket No. 12-0528) within fifteen (15) days of receiving the initial draft, and within fifteen (15) days of receiving the final evaluation research findings. This filing shall not preclude the measure and/or program level research findings from also being filed in other dockets.

Program Administrators are subject to retrospective evaluation risk (retroactive adjustments to savings based on evaluation findings) for any measures not included in the TRM, including custom measures, prescriptive measures not yet incorporated into the TRM, behavioral-based programs, and prescriptive measures Program Administrators choose to implement using customized savings calculations. Evaluators shall present savings estimates for any measures and/or programs not covered by the TRM or areas where the TRM is diverged from in the evaluation reports that will be filed in the Program Administrators' savings dockets.

3.4 The TRM's Relationship to Portfolio Planning

The most current TRM that is approved by the Commission shall be used in the preparation of the Program Administrators' three-year energy efficiency Plan filings. The Program Administrators will use the TRM Measure Codes in their Plan filings to allow for easy review and transparency across programs and portfolios. The Program Administrators are permitted to use additional assumptions other than those contained within the TRM in their Plan filings (including incremental costs if better values are available), provided they include a description of why they believe the deviation from the TRM is appropriate (e.g., a particular measure may be in the process of getting updated in the TRM at that time) and notify the TAC of the choice. However, Program Administrators must also show planning estimates from using TRM assumptions for comparison purposes within their Plan filings.

Program Administrators adding new prescriptive measures to their portfolios must submit these measures to the TRM Update Process for possible inclusion in future TRM Updates as soon as practicable. The TAC will identify appropriate measures to include in future TRM Updates, using the process identified in Section 2 of this document.

3.4.1 Applying Deemed Incremental Costs to Measure Screening

The TRM includes at least one deemed incremental cost(s) as a default value(s) for most measures. However, in instances such as Direct Install programs, Program Administrators may have better information on the true incremental cost of the measures. In instances like this, the Program Administrator may use its own, Program Administrator-specific incremental cost value for the purposes of measure screening subject to the requirement that it document the decision in its reporting, describe and seek comment from the TAC on the Program Administrator-specific incremental measure cost prior to its use, and submit to the TRM Update Process.

4 Glossary

Evaluation: Evaluation is an applied inquiry process for collecting and synthesizing evidence that culminates in conclusions about the state of affairs, accomplishments, value, merit, worth, significance, or quality of a program, product, person, policy, proposal, or plan. Impact evaluation in the energy efficiency arena is an investigation process to determine energy or demand impacts achieved through the program activities, encompassing, but not limited to: *savings verification*, *measure level research*, and *program level research*. Additionally, evaluation may occur outside of the bounds of this TRM structure to assess the design and implementation of the program.

Synonym: Evaluation, Measurement and Verification (EM&V)

Measure Level Research: An evaluation process that takes a deeper look into measure level savings achieved through program activities driven by the goal of providing Illinois-specific research to facilitate updating measure specific TRM input values or algorithms. The focus of this process will primarily be driven by measures with high savings within Program Administrator portfolios, measures with high uncertainty in TRM input values or algorithms (typically informed by previous savings verification activities or program level research), or measures where the TRM is lacking Illinois-specific, current or relevant data.

Program Level Research: An evaluation process that takes an alternate look into achieved program level savings across multiple measures. This type of research may or may not be specific enough to inform future TRM updates because it is done at the program level rather than measure level. An example of such research would be a program billing analysis.

Savings Verification: An evaluation process that independently verifies program savings achieved through prescriptive measures. This process verifies that the TRM was applied correctly and consistently by the program being investigated, that the measure level inputs to the algorithm were correct, and that the quantity of measures claimed through the program are correct and in place and operating. The results of savings verification may be expressed as a program savings realization rate (verified ex post savings / ex ante savings). Savings verification may also result in recommendations for further evaluation research and/or field (metering) studies to increase the accuracy of the TRM savings estimate going forward.

Measure Type: Measures are categorized into two subcategories: custom and prescriptive.

Custom: Custom measures are not covered by the TRM and a Program Administrator's savings estimates are subject to retrospective evaluation risk (retroactive adjustments to savings based on evaluation findings). Custom measures refer to undefined measures that are site specific and not offered through energy efficiency programs in a prescriptive way with standardized rebates. Custom measures are often processed through a Program Administrator's business custom energy efficiency program. Because any efficiency technology can apply, savings calculations are generally dependent on site-specific conditions.

Prescriptive: The TRM is intended to define all prescriptive measures. Prescriptive measures refer to measures offered through a standard offering within programs. The TRM establishes energy savings algorithm and inputs that are defined within the TRM and may not be changed by the Program Administrator, except as indicated within the TRM. Two main subcategories of prescriptive measures included in the TRM:

Fully Deemed: Measures whose savings are expressed on a per unit basis in the TRM and are not subject to change or choice by the Program Administrator.

Partially Deemed: Measures whose energy savings algorithms are deemed in the TRM, with input values that may be selected to some degree by the Program Administrator, typically based on a customer-specific input.

In addition, a third category is allowed as a deviation from the prescriptive TRM in certain circumstances, as indicated in Section 3.2:

Customized basis: Measures where a prescriptive algorithm exists in the TRM but a Program Administrator chooses to use a customized basis in lieu of the partially or fully deemed inputs. These measures reflect more customized, site-specific calculations (e.g., through a simulation model) to estimate savings, consistent with Section 3.2.