

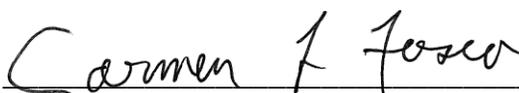
STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

COMMONWEALTH EDISON COMPANY	:	
	:	
Petition for approval of tariffs implementing	:	No. 12-0484
ComEd's proposed peak time rebate program	:	

JOINT DRAFT POSITION STATEMENTS AND DRAFT CONCLUSIONS
SUBMITTED BY COMMONWEALTH EDISON COMPANY, STAFF
OF THE ILLINOIS COMMERCE COMMISSION, AND COMVERGE, INC.

Dated: May 15, 2014

Commonwealth Edison Company

By: 
One of its Attorneys

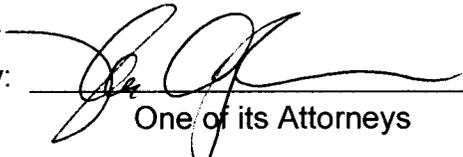
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PROPOSED SECOND INTERIM ORDER

I. INTRODUCTION

On February 21, 2013, the Illinois Commerce Commission (“ICC” or “Commission”) entered its Interim Order in this proceeding (“First Interim Order”). The First Interim Order reviewed Commonwealth Edison Company’s (“ComEd”) proposed Rider PTR – Peak Time Rebate (“Rider PTR”), decided various contested issues with respect to proposed Rider PTR, and approved Rider PTR as modified pursuant to Section 16-108.6(g) of the Public Utilities Act (“PUA”). The First Interim Order also:

- directed ComEd to file a revised Rider PTR, consistent with the conclusions in the First Interim Order;
- approved the proposed revisions to Rider AC - Residential Air Conditioner Load Cycling Program, Rider POG - Parallel Operation of Retail Customer Generating Facilities, Rider POGNM - Parallel Operation of Retail Customer Generating Facilities With Net Metering, and Rate RESS - Retail Electric Supplier Service, and directed ComEd to file such revised tariffs as approved;
- identified several unresolved issues, and directed that those issues be addressed in the procedural manner discussed in the First Interim Order;
- directed the Commission’s Office of Retail Market Development (“ORMD”) to initiate a workshop process consistent with the directives in the First Interim Order;
- directed that Rider PTR must be amended prior to implementation to include a customer baseline load (“CBL”) methodology; and
- directed ComEd to file its proposed CBL methodology and to develop and file a Direct Load Control (“DLC”) pilot program for customers taking service under Rider PTR, after consultation with the Smart Grid Advisory Council (“SGAC”), by February 1, 2014 for Commission review and approval.

First Interim Order at 32-3.

On August 23, 2013, Staff of the Commission (“Staff”) filed in this Docket a Staff Report on Several Issues Pertaining to ComEd’s Peak Time Rebate Program, as required by the Commission’s First Interim Order (“Staff Workshop Report”). On January 31, 2014, ComEd filed and served the Phase 2 direct testimony and attachments of ComEd witnesses Robert Garcia (ComEd Exs. 7.0 - 7.01) and James C. Eber (ComEd Exs. 8.0 – 8.03) presenting ComEd’s proposed CBL methodology and DLC Pilot Program, describing the results of the workshop process as set forth in the Staff Workshop Report, and otherwise describing actions or filings by ComEd to comply with the First Interim Order.

Pursuant to notice given in accordance with the law and the rules and regulations of the Commission, a status hearing was convened on February 19, 2014, before a duly authorized Administrative Law Judge (“ALJ”). A schedule was established whereby Staff and intervener Phase 2 direct testimony in response to ComEd’s Phase 2 direct testimony was to be filed on April 8th, and ComEd Phase 2 rebuttal testimony was to be filed by April 22nd unless a different date was established at a further status hearing scheduled for April 14, 2014.

The Phase 2 direct testimony of Staff witness Dr. David Brightwell (Staff Ex. 5.0) was filed and served on April 8, 2014. On April 11, 2014, ComEd filed and served the Phase 2 rebuttal testimony and attachments of ComEd witness James C. Eber (ComEd Exs. 9.0 – 9.01). At the status hearing held April 14, 2014, this matter was continued until April 24, 2014.

Pursuant to notice given in accordance with the law and the rules and regulations of the Commission, an evidentiary hearing was convened in this docket before a duly authorized ALJ at the Commission’s offices in Chicago, Illinois, on April 24, 2014. Counsel for ComEd, Staff, and Comverge indicated as follows at the April 24th hearing:

- No contested issues remained based on the filed testimony.
- Comverge has no contested issues based on the proposals reflected in ComEd’s and Staff’s Phase 2 testimony, has no cross examination of any witness presented by ComEd or Staff, and supported ComEd’s proposal for the submission of a joint draft proposed order, provided:
 - that the joint draft proposed order is an interim order that directs ComEd to have the evaluation report of the first year results of the DLC Pilot filed with the ICC by the end of 2015 in the instant proceeding, rather than in a new proceeding, with a third and final phase of this docket to commence at that time to consider whether to revise ComEd’s PTR program, marketed to customers as the “Peak Time Savings” or “PTS” program, to include DLC technology;
 - that the language of the joint draft proposed order reflects language that ComEd, Staff and Comverge accept for proposed inclusion in

the Commission's order regarding the issue of self-selection bias in the DLC Pilot raised in Staff's Phase 2 direct testimony;

- that Comverge be given leave to submit data requests to Staff and ComEd to confirm language regarding self-selection bias that Comverge, Staff, and ComEd accept for proposed inclusion in the Commission's order, and that Comverge also be allowed to file such data request responses as Comverge Cross Ex. 1 to be admitted into evidence; and
- that the joint draft proposed interim order provide that Staff *and* interveners would be allowed to comment to the evaluator(s) on the evaluation report of the DLC Pilot, prior to the report being filed with the Commission, and that testimony regarding the evaluation report and whether or not to modify the PTS Program to include DLC technology for PTS participants based on the results of the DLC Pilot will be presented by ComEd, as well as by Staff and interveners, if desired, in Phase 3 of this proceeding.
- ComEd does not oppose Comverge's proposals as accepted by Staff, provided that the joint draft proposed interim order includes a Supreme Ct. Rule 304(a) finding that there is no just reason to delay appeal or enforcement of both the First Interim Order and the proposed Second Interim Order in order to start the appeal time period for any party that plans to appeal the issues decided in the First or Second Interim Orders. ComEd states it is concerned with the possible impact on the PTS program if parties could potentially appeal the determinations made in the First Interim Order and the proposed Second Interim Order after conclusion of the proposed Phase 3 of this Docket in 2016 or later.
- Staff concurs with the foregoing, provided the joint draft proposed interim order presents the finding requested by ComEd with and without the reference to Supreme Ct. Rule 304(a). Staff questions whether Supreme Ct. Rule 304(a) applies to Commission proceedings, but does not dispute the substance of the finding requested by ComEd. ComEd did not oppose Staff's proposal to submit alternative language for the ALJ's consideration, with any briefing on this issue to occur with the briefs on exceptions and reply briefs on exceptions.

The process outlined by ComEd, Staff, and Comverge was accepted by the ALJ. At the evidentiary hearing, the Phase 2 testimony of ComEd witnesses Robert Garcia and James C. Eber were admitted into evidence. The Phase 2 testimony of witness David Brightwell was admitted into evidence on behalf of Staff. No other parties presented testimony in Phase 2 of this proceeding. It was determined at the conclusion of the evidentiary hearing that the record would be marked "heard and taken" after the filing of Comverge's Cross Ex. 1.0.

As noted above, the parties to this docket agreed to submit a Joint Draft Proposed Interim Order in lieu of briefing. The Joint Draft Proposed Interim Order was submitted on May 15, 2014.

II. UNCONTESTED ISSUES

A. Background

The Commission's First Interim Order approved ComEd's Rider PTR that will be marketed to customers as the PTS program. ComEd's testimony explains that its approved PTS program is an opt-in, market-based demand response program for customers with Advanced Metering Infrastructure ("AMI") meters. Residential customers participating in the PTS program are provided the opportunity to earn credits on their ComEd bill when those customers are requested to temporarily reduce their electric load during specific periods of time identified by ComEd, known as Curtailment Periods. ComEd explains that those customers who reduce their electricity usage will receive credits on their bill for the kilowatt-hours ("kWh") of estimated electricity reduction that they achieved. ComEd notes that those customers who do not reduce their usage during a Curtailment Period will not receive a credit, but will not be subject to a penalty.

This Second Interim Order will address 4 general issues or topics related to the PTS program that remained open at the time of the First Interim Order.

First, ComEd was directed to develop and file a proposed CBL methodology after consultation with SGAC. ComEd explains that it will measure electricity usage reductions by comparing actual usage during a Curtailment Period to estimated usage determined through the use of a CBL methodology. ComEd states that it conducted studies and consulted with SGAC and other interested stakeholders to develop a proposed CBL methodology that the Commission addresses below.

Second, the First Interim Order directed ComEd to design a pilot program wherein certain PTS participants would be provided with DLC technology, such that the Commission would be able to compare PTS with and without DLC technology and make a reasoned decision on whether DLC technology should be included in the PTS program. In response to the Commission's directive, ComEd consulted with SGAC and other interested stakeholders to develop a DLC Pilot proposal. ComEd explains that the proposed DLC pilot is designed to evaluate whether providing DLC technology to PTS participants as part of the PTS program, at no or at a reduced direct cost to those participants, will result in increased overall net benefits for all customers through incremental demand reduction that is achieved through the use of such technology. ComEd further explains that under the DLC pilot, DLC technology will be used to automatically control air conditioning ("AC") equipment for customers who participate in the PTS program and the DLC pilot. According to ComEd, while the PTS program does

not currently include any DLC equipment, the pilot will explore the use and benefits of DLC technology. The DLC pilot proposal is addressed below.

Third, various issues that were not fully developed were directed to be addressed through a workshop process led by Staff. As described below, such workshops were conducted by Staff and no contested or disputed issues remained for decision in Phase 2 of this proceeding.

Finally, ComEd was directed to file status reports and present a proposal for conducting pre-enrollment research. This issue is also addressed below.

B. Customer Baseline Methodology

In its First Interim Order, the Commission directed ComEd to work with SGAC to develop a proposed CBL methodology. The Commission further directed ComEd to file the proposed CBL methodology in the instant docket, and to file proposed tariff amendments that include the CBL methodology in Rider PTR.

ComEd explains that a CBL methodology is the specific method used to estimate the kWh of power and energy that a customer participating in a PTS program would have consumed absent a request to reduce usage during a Curtailment Period based on the customer's unique CBL profile. ComEd notes that the customer's unique profile is determined using factors that include a customer's usage data for hours with similar conditions as those of the Curtailment Period.

ComEd explains that it developed its proposed CBL methodology by analyzing information regarding CBL methodologies from other utilities that offer PTR programs and by analyzing the accuracy of various baselines. ComEd notes that it commissioned an assessment of thirteen CBL methodologies and hundreds of baseline combinations to determine which methodology produced the most accurate estimate of customer consumption. ComEd explains that this study randomly selected 2,000 residential customers in the AMI footprint and used 2010 and 2011 hourly load data for the summer months, June through September, to estimate this consumption. According to ComEd, the estimates from each of the methodologies were compared to the actual consumption figures in order to determine which methodologies provided the greatest accuracy. ComEd further noted that the bias and precision for the program were determined based on the results of all customers and all proxy events, the spread of bias for individual customers, and the spread of errors for individual days and customers. ComEd explains that in order to estimate bias, mean percentage error was used to indicate the percentage by which measurement, on average, tends to over or under-estimate the true demand reduction. Precision was estimated using the sum of the absolute difference between actual and estimated impacts over all customers and events.

Moreover, ComEd asserts that it consulted with SGAC and other stakeholders prior to selecting the CBL methodology that ComEd submits for approval in this docket.

As a result, ComEd asserts that it proposes to use the CBL methodology generally referred to as the heat index or “HI” method.

ComEd submits the following tariff amendments to include the proposed CBL methodology in Rider PTR:

Customer Baseline Load (CBL) Profile

CBL profile means the individual residential retail customer’s representative hourly electricity power and energy usage, in kilowatt-hours (kWh), during a span of time that does not occur during a specific Curtailment Period, but that corresponds to such specific Curtailment Period. Such residential retail customer’s representative electricity usage during each hour in such span of time is determined to be equal to the average of such residential retail customer’s kWh usage during the corresponding hour in the three (3) individual weekdays during which such residential retail customer’s kWh usage for the hours corresponding to the specific Curtailment Period is at its highest within the fourteen (14) weekday period immediately prior to the date of the specific Curtailment Period. Notwithstanding the previous provisions of this paragraph, (a) if one or more holidays, as designated by the North American Electric Reliability Corporation (NERC) and/or Curtailment Periods for which the residential retail customer received a notification from the Company as described in the Curtailment Period Notification section of this rider occurred during such fourteen (14) weekday period, then such period is increased by the number of days during which holidays and/or Curtailment Periods occurred, and (b) (i) if the Heat Index (HI) during such span of time in one or two of such three (3) individual weekdays is not within 10% of the HI during the hours of the specific Curtailment Period, then the kWh usage from such day or days is not included in such average or (ii) if the HI during such span of time in all three (3) individual weekdays is not within 10% of the HI during the hours of the specific Curtailment Period, then the kWh usage from the single individual weekday in such period during which such residential retail customer’s kWh usage for the hours corresponding to the specific Curtailment Period is at its highest is used.

Any subsequent proposal by the Company to use a different methodology to determine CBL profiles. Such hourly electric power and energy usage is determined in accordance with a methodology approved by PJM Interconnection, L.L.C. (PJM). Such methodology must be filed by the Company in a petition with the Illinois Commerce Commission (ICC) no later than the February 1 and approved, or approved as modified, by the ICC no later than the April 1 prior to the beginning of the PJM Planning Year during

which such methodology is first used. Modification by the Commission may include but is not limited to rejecting any proposed changes and maintaining the status quo. Any such methodology must be in accordance with a baseline load profile methodology approved by PJM Interconnection, L.L.C. (PJM) However, the first such methodology must be filed by the Company no later than February 1, 2014.

Heat Index

Heat Index (HI) means a measure of weather that is a function of air temperature and relative humidity. Generally, air temperature and relative humidity measurements taken at the Chicago O'Hare International Airport Weather Station are utilized in the determination of HIs used to determine CBL profiles. However, the Company may utilize air temperature and relative humidity measurements taken at other weather stations located within its service territory if such measurements provide for increased accuracy in the determination of CBL profiles.

ComEd explains that this proposed CBL methodology will be unique to each customer and will be based on the individual residential customer's hourly electric energy usage during a period of time that does not occur during a specific Curtailment Period, but that corresponds to a specifically identified Curtailment Period. According to ComEd, such hourly electric energy usage is determined by identifying the fourteen previous weekdays that are not holidays or Curtailment Event days; the HI and kWh for the Curtailment Period days are compiled for each day and for each customer, and the days with the three highest kWh values during the hours of the Curtailment Period are used in an average for each customer, excluding any day not within 10% of the HI for the Curtailment Event day. If all three days are outside the 10% HI threshold, the CBL equals the kWh for the highest load day.

ComEd explains that HI is commonly referred to as the Temperature Humidity Index ("THI") in electricity load and energy analyses in the industry, and that HI is a measure of weather that is a function of temperature and humidity. ComEd asserts that it will reference the O'Hare Weather Station for the temperature and relative humidity values used in determining the CBL, but that it may elect to utilize weather stations from other locations within the ComEd territory for the determination of CBL if it determines that doing so increases the accuracy of estimating CBL and is otherwise reasonable.

ComEd notes that although the HI methodology results had the second most precision and the second smallest bias, it was selected because the methodology with the most precision and the smallest bias slightly underestimates the bias toward ComEd by about 5%. In contrast, ComEd explains, the HI methodology slightly overestimates the bias toward the customer by about 6%. ComEd believes this will reduce the risk of customer dissatisfaction during the pilot.

ComEd recommends adoption of its proposed CBL Methodology, notes that Staff supports this CBL methodology, and further notes that no other party has contested it.

C. Direct Load Control Pilot

The Commission's First Interim Order directed ComEd to design a DLC pilot program, with input from SGAC, and to file testimony describing the design for a DLC pilot program and any other relevant information. The Commission further instructed that implementation of the DLC pilot program should coincide with the implementation of PTS in the summer of 2015, and directed ComEd to file a report reflecting the results of the first year of the pilot by the end of 2015.

Additionally, in the First Interim Order, the Commission stated that the PTS program costs, as well as the pilot program costs and costs of providing DLC, should be recovered from all of ComEd's residential customers, at least initially, but agreed with Staff and ComEd that this issue may be revisited during the evaluation proceeding.

ComEd's Direct Load Control Pilot for the Peak Time Savings Program is set forth in ComEd Ex. 8.01 and supported in the Phase 2 direct testimony of ComEd witness Eber (ComEd Ex. 8.0). ComEd asserts that, beginning in June, 2013, it met with SGAC and other stakeholders to develop objectives that would assist ComEd in determining the potential benefits of offering DLC technology as part of the PTS program. ComEd asserts that it designed its DLC pilot program to examine customer behavior, to assess whether the offer of DLC technology would have an impact on customer enrollment in the PTS program, and to determine the extent to which DLC technology would affect demand response under the PTS program.

ComEd explains that it considered a number of experimental and quasi-experimental program design options for the DLC pilot, but that it ultimately proposes the use of an event-based Randomized Control Trial ("RCT") design and evaluation for use in its DLC pilot. According to ComEd, under an event-based RCT design, ComEd would enroll identical customers into groups, would randomly assign enrolled customers in each group into sub-groups, and would provide both groups with DLC technology. Then, ComEd would alternate notification and control for each sub-group across event days. ComEd described this testing method with an example: if 500 customers agreed to enroll in the DLC Pilot, these customers would be randomly assigned to two groups of 250 each, sub-groups A and B. Both sub-groups would be provided with DLC technology. On one event day, sub-group A would have their AC unit controlled as part of the curtailment event and sub-group B would act as the control. The sub-group acting as control would not have their AC unit automatically controlled, nor would they be notified of the curtailment event. On a subsequent event day, sub-group B would participate in the curtailment and sub-group A would act as the control.

ComEd explains that the event-based RCT design avoids the need to deny or delay the treatment used in the enrollment offer (in this case, the DLC equipment), a tactic which ComEd believes has a higher risk of customer dissatisfaction, and is more cost-effective.

ComEd explains that its proposed DLC pilot design includes both major residential customer types (single-family and multi-family) as well as both types of air conditioning equipment (central air conditioning (“Central AC”) and window or plug-in air conditioning (“Plug-In AC”). According to ComEd, this pilot design will provide data on a broad range of DLC equipment. Specifically, ComEd explains that its DLC pilot will assess the impact of load control on two distinct customer segments: single-family households with Central AC, and multi-family householders with Plug-In AC. ComEd notes that single-family customers represent approximately 65% of ComEd’s residential customers, approximately 87% of which have Central AC, and that of the remaining 35% of customers that live in multi-family dwellings, approximately 52% utilize one or more Plug-In ACs.

ComEd states that it will develop and compare enrollment data for customer groups that are solicited into the PTS program through enrollment offers made both with and without DLC technology in an effort to assess the impact of the offer of DLC technology on enrollment in the PTS program. Thus, ComEd proposes that the DLC pilot include three types of enabling technology that apply to customers with Central AC or customers with Plug-In AC: (1) Central AC devices; (2) Programmable Communicating Thermostats (“PCTs”); and (3) Plug-In AC control devices.

ComEd asserts that, under the DLC pilot, it plans to make enrollment offers to five distinct customer groups. The single-family customers with Central AC would be divided into three groups: (1) customers offered PTS enrollment with no enabling technology (Group 1); (2) customers offered PTS with a free DLC device for Central AC (Group 2); and (3) customers offered PTS with a customer purchased PCT funded by a partially offsetting bill credit (Group 3). Multi-family customers with Plug-In AC units will be divided into two groups: (1) customers offered PTS enrollment with no enabling technology (Group 4); and (2) customers offered PTS with a free DLC device to be installed by the customer for controlling a plug-in AC unit (Group 5). This is depicted graphically below:

Customer Type	Group	Enrollment Offer / Enabling Technology Offer	Enrolled Target
Single Family with Central AC	Group 1	Peak Time Savings + None	500
	Group 2	Peak Time Savings + DLC Device for Central AC	500
	Group 3	Peak Time Savings + PCT (customer purchased with bill credit for portion of cost)	500
Multi Family with Plug-in AC	Group 4	Peak Time Savings + None	500

Customer Type	Group	Enrollment Offer / Enabling Technology Offer	Enrolled Target
	Group 5	Peak Time Savings + DLC Device for Plug-in AC	500

Under ComEd’s original proposed DLC pilot, ComEd proposed that enrollment be targeted at 500 customers in each customer group, which would then be divided into two randomly selected sub-groups of 250 participants each, designed as “sub-group A” and “sub-group B”. Following discussion and agreement with Staff, ComEd revised its proposal. Under ComEd’s revised proposal, supported by Staff, ComEd plans to over-enroll participants in Group 2, the group that would receive a DLC device for Central AC. ComEd would then divide Group 2 to form sub-groups A, B, and C. ComEd asserts that it will enroll randomly assigned volunteers in Subgroup C who expressed their willingness to receive an AC Switch; however, these participants will not receive DLC technology. ComEd explains that under this revised proposal, all other groups will enroll 500 participants and will be divided into sub-groups A and B, which will participate in different Curtailment Periods; Group 2, however, will enroll 750 participants and will be divided into sub-groups A, B, and C. While sub-groups A and B will participate in different Curtailment Periods, sub-group C will receive event notifications for all events.

ComEd submits a summary of its proposed tariff amendments to reflect the proposed DLC pilot program, as well as the Commission’s determinations regarding cost recovery and allocation:

- Prerequisites of Service section (Sheet No. 352): Tariff revisions are included to provide prerequisites for customers participating in the DLC pilot. These revisions explain that a residential customer who participates in the DLC pilot program is required to have the appropriate equipment installed before participating in the pilot. The appropriate equipment includes a DLC device or PCT for single family households with central air conditioning units and plug-in DLC devices for multi family households for room air conditioning unit(s). These prerequisites also include requirements that the DLC equipment have remote control capability and require ComEd to work with customers to ensure proper installation of their DLC devices.
- Peak Time Rebate (Sheet No. 353) and Curtailment Period Notification sections (Sheet No. 354): Tariff revisions are included to explain that a credit for a curtailment event is only provided to those customers for whom ComEd issues curtailment notifications for that event. These revisions allow sub-groups of DLC participants to have different curtailment events, as described in Mr. Eber’s Phase 2 direct testimony. All PTS customers not participating in the DLC pilot will continue to be called upon to curtail at the same time (*i.e.*, for the same events).

- Direct Load Control Pilot Program section (Sheet Nos. 354 and 354.1): These tariff revisions are included to explain: (1) that the program is offered to randomly selected residential customers who accepted ComEd's offer to participate in the PTS program with specific technology; (2) the varying types of equipment used in different segments of the pilot and whether such equipment is installed by ComEd at no cost or purchased and installed by customers with a bill credit for \$100 offsetting a portion of the costs; (3) that the remote control capabilities of the devices can be overridden by customers during a curtailment period; and (4) that when ComEd issues a curtailment period notification to a DLC pilot participant, ComEd may electronically communicate with the device to either cycle the AC unit or to turn up the temperature on the PCT without any further customer notification. Mr. Eber further explains why, in light of all the other functionalities of these devices and their availability in the market, ComEd proposes to offer a \$100 credit and not the full cost of a PCT for purposes of this pilot.
- Termination of Service section (Sheet No. 354.1): These tariff revisions are included to explain that ComEd will remove the DLC device, if a customer requests its removal after such customer terminates its participation in the DLC pilot.
- Miscellaneous section (Sheet No. 355): Tariff revisions are included to describe ComEd's DLC pilot program reporting requirement, and to further explain that all prudent and reasonable costs related to the implementation of Rider PTR – including the implementation of the DLC pilot – are recovered from all residential customers through Rate DSPP – Delivery Service Pricing and Performance (“Rate DSPP”), as directed by the Commission. First Interim Order at 22-23 and 31. But, as previously noted, these rate design decisions regarding recovery during the four-year evaluation period of PTR may be revisited in the PTS evaluation proceeding.

ComEd explains that, following the summer of 2015, an analysis of the results of the DLC pilot would be conducted and an evaluation report prepared. As originally proposed, the evaluation report would be provided to the Manager of the ICC Staff's Accounting Department and Director of the ICC Staff's Policy Division by December 31, 2015. ComEd also proposed that the report be filed in the instant docket for informational purposes so that it is available to all interested stakeholders by that same date. ComEd asserts that the report will include information concerning: (1) the number and types of residential retail customers participating in the DLC pilot program; (2) changes in such residential retail customers' electric energy use patterns; (3) an assessment of the value of the availability of such DLC pilot program; and (4) recommendations, if any, concerning an extension of or changes to such DLC pilot program. ComEd states that it will meet with stakeholders and will convene workshop(s) prior to filing this report, and that it will review the results of those meetings

and will solicit input on next steps with respect to the incorporation of DLCs in the PTS program.

As noted above, Staff requested an opportunity to comment on the report and Comverge requested a similar opportunity be provided to interveners. Comverge also requested that the report be filed in the instant proceeding to start Phase 3, and that ComEd file testimony regarding the evaluation report and whether or not to modify the PTS Program to include DLC technology for PTS participants based on the results of the DLC Pilot. Staff and interveners would also have an opportunity to file such testimony in Phase 3 if desired. ComEd did not contest these proposals.

ComEd explains that it requested that the Commission approve the DLC pilot program before the end of August, 2014, so that ComEd could comply with the Commission's directive to implement the DLC pilot such that it coincides with the implementation of the PTS program in the summer of 2015. According to ComEd, its pilot design requires ComEd to recruit customers to participate in the pilot program at the same time that ComEd begins to recruit customers to participate in the PTS program, in October of 2014. In order for customers to participate in the PTS program in the summer of 2015, they must enroll in the PTS program or the DLC program by April 30, 2015. Thus, according to ComEd, an order is needed before the end of August, 2014, in order to be ready to enroll customers in both the PTS program and the DLC pilot program, beginning in October, 2014. Moreover, ComEd explains that this simultaneous recruitment and enrollment is necessary for the evaluation of the impact of offering DLC technology on customers' enrollment in the PTS program.

ComEd states that it estimates that the cost to design, build, test and operate the DLC pilot program will be approximately \$2,567,500.

D. Workshop Process and Other Outstanding Directives

The Commission's First Interim Order directed Staff to hold workshops with stakeholders to discuss various issues and to provide a summary of the workshops and recommended next steps to the Commission within six months of entry of the First Interim Order.

ComEd states that it participated in the workshops held by Staff to address various issues, including: (1) competitive neutrality, including issues that might arise concerning PTS programs provided by Retail Electric Suppliers ("RES"); (2) the provision of PTS service to RESs, including the manner in which Rider PORCB – Purchase of Receivables with Consolidated Billing ("Rider PORCB") could be used to bill a RES' PTR-like program; (3) the impact of ComEd's PTS program on RESs; and (4) the disclosure of customer participation information to RESs.

ComEd notes that these workshops were held beginning in April 2013 to address these issues as well as other AMI-related issues not identified in the Interim Order stemming from ComEd's AMI Implementation Plan Report filing, addressed in Docket No. 13-0285. ComEd states that Staff, Ameren, RESs, and other interested

stakeholders participated in these workshops, and notes that although the workshops to address PTS-related issues have concluded, the workshops are on-going with respect to the additional issues.

ComEd notes that Staff filed a report in the instant docket on August 23, 2013, summarizing the results of the PTS discussions in the five workshops held between April and July of 2013. Staff's report shows that all of the issues that the Commission directed to be included in the workshops were discussed among workshop participants, and that only two issues were not resolved in the workshops: (1) the use of Rider PORCB to provide PTS-like services to RES customers; and (2) the disclosure of which customers are participating in PTS to the RESs that provide them supply. ComEd asserts that the Commission determined that any issues surrounding Rider PORCB do not need to be completed before the instant proceeding is closed. ComEd further notes that the issue of disclosure of customer participation was addressed and resolved in the record in Docket No. 13-0506.

ComEd states that it complied with certain directives in the First Interim Order that instructed ComEd to provide certain information and to address certain issues in these workshops. According to ComEd, it discussed the results of offering PTS resources in both the Base Auction for the 2016/2017 planning year held during the week of May 13, 2013, and the First Incremental Auction for the 2015/2016 planning year held during the week of September 9, 2013, both with certain individual stakeholders and in the workshops held by Staff. In addition, ComEd filed a Report on the result of the First Incremental Auction for the 2015/2016 Planning Year on October 4, 2013, informing the Commission and stakeholders regarding the amount of revenue received from the auction and the expected number of Curtailment Periods for the PTS program for the annual period beginning June 2015. ComEd further asserts that pre-enrollment research is a topic that was addressed in the August and October 2013 meetings with SGAC.

ComEd notes that it has not yet completed the development of its marketing plan, but once ComEd's marketing materials are available for review, ComEd will provide them to Staff for review.

ComEd asserts that it met with SGAC on three occasions prior to filing the Phase 2 direct testimony in the instant proceeding. ComEd states that it met with SGAC on August 16, 2013, wherein the draft six-month progress report was reviewed, that it met with SGAC on November 12, 2013, wherein background on CBL methodologies under consideration by ComEd and the initial framework for the DLC pilot were discussed, and that it met with SGAC on January 21, 2014, wherein the final proposals for the CBL methodology and DLC pilot were reviewed.

ComEd asserts that no formal (written) or informal (verbal) guidance was provided by SGAC on either proposal, and further notes that all of the issues raised in the First Interim Order were discussed in Staff-sponsored workshops, and that ComEd met individually with some stakeholders about both the CBL methodology and the DLC pilot program in the fall of 2013 and in January of 2014.

E. Pre-Enrollment Research

The Commission's First Interim Order directed ComEd to provide progress reports regarding its customer research into pre-enrollment.

ComEd explains that it has prepared a progress report that describes the pre-enrollment customer research that ComEd has conducted and that ComEd will conduct, and includes a plan that details the further development and implementation of this research. According to ComEd, this report details the meeting and workshops that took place between ComEd, SGAC, and other stakeholders, and also includes a plan for minimizing and responding to any issues or confusion regarding pre-enrollment that occurs.

ComEd asserts that it plans to conduct customer research on pre-enrollment in conjunction with the message testing planned for standard PTS enrollment with a representative selection of residential customers who have AMI meters installed, including a Spanish-language focus group. According to ComEd, this research will be designed and executed by the spring of 2014. ComEd notes that the objective of this research is to (1) learn what messages best motivate customers to enroll; (2) inform and test preferred enrollment communication channels; and (3) learn when customers prefer to receive enrollment communications. ComEd states that these objectives will enable ComEd to ascertain the clearest way to communicate that pre-enrolled customers will not be eligible for events until the following event season, and to evaluate whether customers understand that message. Lastly, ComEd notes that it plans to use an iterative group approach with space between sessions to consider potential messaging updates from previous focus group sessions.

ComEd asserts that it plans to evaluate the outcome of this research to develop enrollment messages that minimize the potential for pre-enrollment customer confusion. ComEd states that it will be difficult to understand the potential confusion customers may exhibit prior to the first enrollment year of the PTS program, but explains that it plans to closely monitor the enrollment process and will utilize additional research tactics, such as focus groups or surveys, to attempt to ascertain the potential customer confusion with pre-enrollment.

III. COMMISSION ANALYSIS AND CONCLUSIONS

Based upon the record in this matter, the Commission finds that ComEd has complied with the directives in the Commission's First Interim Order, including the directives to develop and file a proposed CBL methodology and a DLC Pilot that is likely to provide information that will enable the Commission to determine whether DLC technology should be adopted.

Specifically, ComEd presented evidence demonstrating that it worked with SGAC to develop a proposed CBL methodology, which was filed in the instant docket along with the proposed tariff amendments that include the CBL methodology in Rider PTR. The Commission agrees that this satisfied its directives from the First Interim Order, and

notes that no party opposed ComEd's proposed CBL methodology. As such, the Commission approves ComEd's proposed CBL methodology.

The Commission further concludes that ComEd presented evidence regarding the design of its proposed DLC pilot program, that ComEd developed its proposed DLC pilot program after consulting with SGAC, and that ComEd's testimony adequately and sufficiently described the design for the DLC pilot program. The Commission notes that the implementation of the DLC pilot program is designed to coincide with the implementation of PTS in the summer of 2015, as directed by the Commission in the First Interim Order. The Commission believes that ComEd's plan to enroll 500 participants in Groups 1, 3, 4 and 5, and to further divide these participants into sub-groups "A" and "B", consisting of 250 participants each, is reasonable and is designed to provide information reflecting the effect on DLC technology on PTS program participants. Further, the Commission believes that ComEd's plan to over-enroll participants in Group 2, such that an additional sub-group "C" will be created to address self-selection bias with regards to the A/C switch portion of the DLC Pilot, is also reasonable. The Commission notes that this sub-group "C" is designed to provide an additional control group consisting of customers who volunteer to participate in the A/C switch technology evaluation, but who do not receive an A/C switch. As a result, the Commission approves ComEd's proposed DLC Pilot Program as described above.

Consistent with Staff's position, the Commission is of the opinion and concludes that self-selection may bias estimated savings for the PCT technology portion of the DLC pilot and after inclusion of the control group C within the A/C switch portion of the pilot that self-selection is only a concern for the PCT portion, provided inferences made about the A/C switch portion are only made in relation to customers who volunteer to receive an A/C switch as part of the PTS program rather than generalized to all customers who volunteer for the PTS program.

Consistent with the directives of the First Interim Order and the testimony of Staff the Commission directs ComEd to file a report reflecting the results of the first year of the pilot in the instant proceeding by the end of 2015. Staff and interveners shall be provided an opportunity to comment on the report before it is filed in the instant proceeding. ComEd's third party evaluator shall consider such comments and make any revisions the evaluator deems appropriate. The filing of the report shall constitute the start of Phase 3 of this Docket to consider whether or not to modify the PTS Program to include DLC technology for PTS participants based on the results of the DLC Pilot. ComEd shall file testimony regarding the evaluation report and whether or not to modify the PTS Program to include DLC technology for PTS participants based on the results of the DLC Pilot on or before April 1, 2016. Staff and interveners shall also have an opportunity to file such testimony in Phase 3, if desired, on a schedule to be established by the ALJ.

The Commission agrees that, pursuant to the directives of the First Interim Order, Staff held workshops with interested stakeholders to address various issues, including: (1) competitive neutrality, including issues that might arise concerning PTS programs

provided by RES; (2) the provision of PTS service to RES, including the manner in which Rider PORCB could be used to bill a RES' PTR-like program; (3) the impact of ComEd's PTS program on RESs; and (4) the disclosure of customer participation information to RESs. The Commission agrees with ComEd that nearly all of the issues that the Commission directed to be included in the workshops were addressed and resolved in the workshops, and that the remaining unresolved issues were either addressed in a separate Commission docket or do not need to be resolved in the instant proceeding or before the instant proceeding is closed.

The Commission finds that ComEd and Staff met their obligations to discuss and work to resolve certain issues in Staff-led workshops and in meetings with the SGAC. The Commission directs ComEd to provide its marketing materials to Staff for review, once completed.

The Commission finds that ComEd complied with the directives of the First Interim Order, which required ComEd to provide progress reports regarding its customer research into pre-enrollment. The Commission notes that ComEd has made progress in determining the value of a pre-enrollment process, and directs ComEd to continue to monitor the PTS enrollment process and to continue to research customer experiences with pre-enrollment.

[ALTERNATIVE #1]

The Commission shares ComEd's concerns regarding the possible impact on the PTS program if parties were to appeal the determinations made in the First Interim Order and this Second Interim Order after conclusion of Phase 3 of this Docket in 2016 or later. The matter to be addressed in Phase 3 of this Docket – whether or not to modify the PTS Program to include DLC technology for PTS participants based on the results of the DLC Pilot – is separate and distinct from the issues decided in the First Interim Order and this Second Interim Order. If any party plans to appeal determinations made in the First Interim Order and Second Interim Order, the public interest is best served by the commencement of such an appeal now instead of two or more years from now after customers and others have relied on our determinations. Accordingly, the Commission finds pursuant to Supreme Court Rule 304(a) that there is no just reason for delaying either enforcement or appeal of the determinations made in the First Interim Order and this Second Interim Order. Ill. S. Ct. Rule 304(a). It is reasonable and necessary to determine with finality issues related to the PTS Program and DLC Pilot Program prior to ComEd's investment in and implementation of its PTS program, scheduled to commence in 2015.

[ALTERNATIVE #2]

The Commission shares ComEd's concerns regarding the possible impact on the PTS program if parties were to appeal the determinations made in the First Interim Order and this Second Interim Order after conclusion of Phase 3 of this Docket in 2016 or later. The matter to be addressed in Phase 3 of this Docket – whether or not to

modify the PTS Program to include DLC technology for PTS participants based on the results of the DLC Pilot – is separate and distinct from the issues decided in the First Interim Order and this Second Interim Order. If any party plans to appeal determinations made in the First Interim Order and Second Interim Order, the public interest is best served by the commencement of such an appeal now instead of two or more years from now after customers and others have relied on our determinations. The Commission has the authority to issue a final order under the PUA, 220 ILCS 5/10-110. The Commission has issued Interim Orders as final where there was no further consideration of the issues to be resolved by the Interim Order and no possible alteration arising from the unresolved issues. Given that Commission authority under the PUA and given the facts of this proceeding, the Commission need not address in this proceeding whether Supreme Court Rule 304(a) applies to the Commission. Whether the Commission relies upon its own authority and uses the Supreme Court rule for guidance or applies the Supreme Court rule, the effect of a Supreme Court Rule 304(a) finding and a Section 10-110 final Interim Order would appear to be the same. Accordingly, the Commission finds that there is no just reason for delaying either enforcement or appeal of the determinations made in the First Interim Order and this Second Interim Order, and that both orders constitute final appealable orders. It is reasonable and necessary to determine with finality issues related to the PTS Program and DLC Pilot Program prior to ComEd's investment in and implementation of its PTS program, scheduled to commence in 2015.

IV. FINDINGS AND ORDERING PARAGRAPHS

The Commission, having considered the entire record herein and being fully advised in the premises, is of the opinion and finds that:

- (1) Commonwealth Edison Company is an Illinois corporation engaged in the transmission, distribution, and sale of electricity to the public in Illinois and is a public utility as defined in Section 3-105 of the Public Utilities Act;
- (2) the Commission has jurisdiction over the parties and the subject matter herein;
- (3) the recitals of fact and conclusions of law reached in the prefatory portion of this Order are supported by the evidence of record and are hereby adopted as findings of fact and conclusions of law;
- (4) the proposed CBL methodology and the DLC Pilot Program, including the revised proposal to over-enroll participants in Group 2, such that an additional sub-group "C" will be created to address any self-selection bias with regards to the A/C switch portion of the DLC Pilot, are approved;
- (5) the proposed revisions to Rider PTR to include the CBL methodology and the DLC Pilot Program are approved and Commonwealth Edison Company should file a revised Rider PTR, consistent with the conclusions contained herein, within thirty days after the entry of this Second Interim

Order with an effective date no earlier than ten business days after such filing is made;

- (6) Commonwealth Edison Company shall file a report reflecting the results of the first year of the DLC pilot in the instant proceeding by the end of 2015, and shall file testimony regarding the evaluation report and whether or not to modify the PTS Program to include DLC technology for PTS participants based on the results of the DLC Pilot on or before April 1, 2016;
- (7) Staff-led workshops were held to discuss and resolve certain issues as directed in the First Interim Order, and all issues raised in such workshops were either addressed and resolved in the workshops, addressed in a separate Commission docket, or do not need to be resolved in the instant proceeding or before the instant proceeding is closed;
- (8) [ALTERNATIVE 1] Commonwealth Edison Company has complied with the directives in the First Interim Order, including the directives which required ComEd to provide progress reports regarding its customer research into pre-enrollment; and
- (8) [ALTERNATIVE 2] Commonwealth Edison Company has complied with the directives in the First Interim Order, including the directives which required ComEd to provide progress reports regarding its customer research into pre-enrollment;
- (9) [ALTERNATIVE 1] pursuant to Supreme Court Rule 304(a), there is no just reason for delaying either enforcement or appeal of the determinations made in the First Interim Order and this Second Interim Order.
- (9) [ALTERNATIVE 2] there is no just reason for delaying either enforcement or appeal of the determinations made in the First Interim Order and this Second Interim Order; and
- (10) [ALTERNATIVE 2] the Commission need not decide here whether Supreme Court Rule 304(a) applies to the Commission as the Commission has the authority under the PUA to make these findings.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that Commonwealth Edison Company's Peak Time Rebate Program, Rider PTR, as modified herein to include a CBL methodology, complies with the requirements of Section 16-108.6(g) of the Act and is approved.

IT IS FURTHER ORDERED that Commonwealth Edison Company shall file a final copy of the approved revisions to Rider PTR within thirty days of the entry of this Second Interim Order.

IT IS FURTHER ORDERED that the tariff sheets for Rider PTR to be revised by this Second Interim Order are hereby permanently canceled and annulled, effective at such time as the new tariff sheets approved herein become effective by virtue of this Second Interim Order.

IT IS FURTHER ORDERED that Commonwealth Edison Company is directed to file a report reflecting the results of the first year of the DLC pilot in the instant proceeding by the end of 2015, and shall file testimony regarding the evaluation report and whether or not to modify the PTS Program to include DLC technology for PTS participants based on the results of the DLC Pilot on or before April 1, 2016.

IT IS FURTHER ORDERED that any motions, petitions, objections, and other matters in this proceeding which remain outstanding are hereby disposed of consistent with the conclusions herein.

IT IS FURTHER ORDERED that, subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By Order of the Commission this ____ day of June, 2014.

(SIGNED) DOUGLAS P. SCOTT

Chairman