

Policy Division Staff Report
To Initiate a Proceeding to Consider Approval of the
Illinois Statewide Technical Reference Manual for
Energy Efficiency Version 4.0
February 26, 2015

Subject: Pursuant to the Commission’s Final Order in ICC Docket No. 13-0077,¹ this Staff Report is provided to initiate a proceeding to consider approval of, on an expedited basis, the Illinois Statewide Technical Reference Manual for Energy Efficiency Version 4.0 dated February 24, 2015 (“IL-TRM Version 4.0”).

Summary

The Staff of the Illinois Commerce Commission (“Staff”), the Utilities,² the Illinois Department of Commerce and Economic Opportunity (“DCEO”), independent evaluators, and other stakeholders (collectively, “SAG participants”) have collaborated to develop the third annual update to the Illinois Statewide Technical Reference Manual for Energy Efficiency (“IL-TRM” or “TRM”), as attached hereto, labeled Version 4.0 Final, and dated February 24, 2015. The IL-TRM Version 4.0 was developed by the TRM Administrator with substantial input from SAG participants. The main purpose of the IL-TRM is to provide a transparent and consistent basis for calculating energy savings generated by the State of Illinois’ energy efficiency programs, which are administered by DCEO and the state’s largest electric and gas Utilities (collectively, “Program Administrators”). Staff recommends that the Commission initiate a proceeding to consider approval of, on an expedited basis, the IL-TRM Version 4.0 dated February 24, 2015, as attached hereto.

It is Staff’s understanding that the IL-TRM Version 4.0 is the subject of consensus³ between and among all interested stakeholders. In order to ascertain whether the IL-TRM Version 4.0 is a consensus document, Staff issued a public notice

¹ *Final Order* at 5-7, *Ameren Illinois Co. d/b/a Ameren Illinois, Commonwealth Edison Co., The Peoples Gas Light and Coke Co., North Shore Gas Co., and Northern Illinois Gas Co. d/b/a Nicor Gas Co.: Adoption of Policies Concerning the Illinois Statewide Technical Reference Manual for Energy Efficiency*, ICC Docket No. 13-0077 (March 27, 2013); see also *IL-TRM Policy Document* at 8, Attachment A (dated October 25, 2012) to the Staff Report, ICC Docket No. 13-0077 (filed January 24, 2013).
<http://www.icc.illinois.gov/downloads/public/IL%20TRM%20Policy%20Document.pdf>

² Ameren Illinois Co. d/b/a Ameren Illinois (“Ameren”), Commonwealth Edison Co. (“ComEd”), The Peoples Gas Light and Coke Co. and North Shore Gas Co. (“Peoples Gas/North Shore Gas”), and Northern Illinois Gas Co. d/b/a Nicor Gas (“Nicor Gas”) (collectively, referred to herein as the “Utilities”).

³ Consensus means that no objection was received during the public commenting period.

of the posting of the IL-TRM to the Commission's website with a request for parties to submit objections by February 20, 2015. Having received no objections,⁴ Staff believes there to be consensus among interested stakeholders that Commission approval of the consensus IL-TRM Version 4.0 should be sought at this time.

IL-TRM Background

Pursuant to Sections 8-103 and 8-104 of the Illinois Public Utilities Act ("Act"), certain Illinois electric and gas utilities are required to file three-year energy efficiency plans with the Commission to meet the applicable energy efficiency standards required in the statutes. 220 ILCS 5/8-103, 5/8-104. Between September 29, 2010 and October 1, 2010, the Utilities subject to Sections 8-103 and 8-104 of the Act filed petitions for approval of their respective energy efficiency plans. In the Orders approving the Utilities' respective energy efficiency plans, the Commission required the Utilities to collaborate with the Illinois Energy Efficiency Stakeholder Advisory Group⁵ ("SAG") participants and DCEO to develop a statewide TRM.⁶ The first version of the IL-TRM, dated September 14, 2012, was developed to comply with the Commission's Orders from these energy efficiency plan dockets. The Commission approved the first version of the IL-TRM in ICC Docket No. 12-0528.⁷ The Commission approved the second version of the IL-

⁴ While receiving no objections, the TRM Administrator and Staff did receive notice of several oversights/errors found in the IL-TRM Version 4.0 dated February 13, 2015 that was posted on the Commission's website for the final review/objection period. Therefore, the TRM Administrator re-issued the IL-TRM Version 4.0 with these oversights/errors corrected on February 24, 2015 and Staff attaches this consensus document hereto for Commission approval.

⁵ <http://www.ilsag.info/> The SAG was first defined by the Commission 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." *Final Order* at 32-33, Commonwealth Edison Co., ICC Docket No. 07-0540 (February 6, 2008). The SAG consists of a group of stakeholders who have an interest in Illinois' energy efficiency programs and who meet regularly to share information and work toward consensus on various energy efficiency issues. The Utilities in Illinois have been directed by the ICC to work with the SAG on the development and updates to the IL-TRM. The SAG is an open forum and any interested party may participate in the SAG.

⁶ See *Final Order* ICC Docket Nos. 10-0570, 10-0562, 10-0564, and 10-0568 (on Rehearing) (collectively, "Commission's Orders"): *Final Order* at 59-60, Commonwealth Edison Co., ICC Docket No. 10-0570 (December 21, 2010); *Order on Rehearing* at 19, Central Illinois Light Co. d/b/a AmerenCILCO, et al., ICC Docket No. 10-0568 (May 24, 2011); *Final Order* at 76, The Peoples Gas Light and Coke Co. and North Shore Gas Co., ICC Docket No. 10-0564 (May 24, 2011); *Final Order* at 30, Northern Illinois Gas Co. d/b/a Nicor Gas Co., ICC Docket No. 10-0562 (May 24, 2011).

⁷ *Final Order* at 5, Ameren Illinois Co. d/b/a Ameren Illinois, Commonwealth Edison Co., The Peoples Gas Light and Coke Co., North Shore Gas Co., and Northern Illinois Gas Co. d/b/a Nicor Gas Co.: *Approval of the Illinois Statewide Technical Reference Manual for Energy Efficiency*, ICC Docket No. 12-0528 (January 9, 2013).

TRM in ICC Docket No. 13-0437.⁸ The Commission approved the third version of the IL-TRM in ICC Docket No. 14-0189.⁹ The Commission approved and adopted the Policy Document for the Illinois Statewide Technical Reference Manual (“*IL-TRM Policy Document*”) in ICC Docket No. 13-0077, which established the policies surrounding the applicability and use of the IL-TRM in planning, implementation, and evaluation as well as the annual IL-TRM Update Process.¹⁰ The Commission extended these policies, including the applicability of the IL-TRM, to the Section 16-111.5B energy efficiency programs in ICC Docket No. 14-0588¹¹ in order to increase certainty for all parties.

In Orders approving the Program Administrators’ most recent energy efficiency plans, the Commission required the Illinois evaluators to collaborate with the other energy efficiency evaluators in the state as well as the SAG to reach consensus on the most defensible and well-vetted methodologies for assessing net-to-gross (“NTG”) ratios in particular markets for both residential and non-residential energy efficiency programs.¹² The Commission directed Staff to file the consensus statewide net-to-gross methodologies (“IL-NTG Methods”) as an attachment to the Updated IL-TRM.¹³ Consistent with this Commission directive, the IL-TRM Version 4.0 includes the IL-NTG Methods in Attachment A. See IL-TRM Version 4.0 at 774-801.

In ICC Docket No. 13-0499, the Commission directed “DCEO and its evaluator to work with the other utilities and the SAG to reach agreement on the most appropriate

⁸ *Final Order* at 4, Ameren Illinois Co. d/b/a Ameren Illinois, Commonwealth Edison Co., The Peoples Gas Light and Coke Co., North Shore Gas Co., and Northern Illinois Gas Co. d/b/a Nicor Gas Co.: Approval of the Illinois Statewide Technical Reference Manual for Energy Efficiency, ICC Docket No. 13-0437 (November 6, 2013).

⁹ *Final Order* at 4, Ameren Illinois Co. d/b/a Ameren Illinois, Commonwealth Edison Co., The Peoples Gas Light and Coke Co., North Shore Gas Co., and Northern Illinois Gas Co. d/b/a Nicor Gas Co.: Approval of the Illinois Statewide Technical Reference Manual for Energy Efficiency, ICC Docket No. 14-0189 (April 29, 2014).

¹⁰ *IL-TRM Policy Document* at 8, Attachment A (dated October 25, 2012) to the Staff Report, ICC Docket No. 13-0077 (filed January 24, 2013).
<http://www.icc.illinois.gov/downloads/public/IL%20TRM%20Policy%20Document.pdf>

¹¹ *Final Order* at 227, Illinois Power Agency: Petition for Approval of the 2015 IPA Procurement Plan pursuant to Section 16-111.5(d)(4) of the Public Utilities Act, ICC Docket No. 14-0588 (December 17, 2014); see Appendix B-2 (Workshop Summaries) – 2015 Procurement Plan at 23, ICC Docket No. 14-0588 (filed September 29, 2014). The adopted *consensus language* concerning the IL-TRM and its applicability to future Section 16-111.5B energy efficiency programs can be accessed from the following link (see page 23): <http://www.icc.illinois.gov/downloads/public/edocket/387625.pdf>

¹² See, e.g., *Final Order* at 41-42, 78, Northern Illinois Gas Co. d/b/a Nicor Gas Co.: Application pursuant to Section 8-104 of the Public Utilities Act for Consent to and Approval of an Energy Efficiency Plan, ICC Docket No. 13-0549 (May 20, 2014).

¹³ See, e.g., *Final Order* at 78, Northern Illinois Gas Co. d/b/a Nicor Gas Co.: Application pursuant to Section 8-104 of the Public Utilities Act for Consent to and Approval of an Energy Efficiency Plan, ICC Docket No. 13-0549 (May 20, 2014).

technical method to calculate savings from CHP systems in Illinois and include such methodology in the updated IL-TRM that gets submitted to the Commission for approval.”¹⁴ Consistent with this Commission directive, the IL-TRM Version 4.0 includes a technical method to calculate savings from Combined Heat and Power (“CHP”) systems in Illinois. See IL-TRM Version 4.0 at 324-332.

IL-TRM Update Process

The *IL-TRM Policy Document* specifies that the IL-TRM shall be annually updated because technology and markets are so dynamic and the IL-TRM must keep pace with change, otherwise, the IL-TRM will quickly become obsolete and the savings estimates less reliable. *IL-TRM Policy Document* at 6-8. Further, the *IL-TRM Policy Document* envisioned a number of events that would require an update to the IL-TRM:

- 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

IL-TRM Policy Document at 5.

As directed in the Commission’s Orders, the SAG participants had the opportunity to, and also participated in, the update process for the IL-TRM. This IL-TRM Update is the end result of a collaborative review process involving the SAG that officially kicked off last year at the May 27, 2014 SAG meeting. The TRM Administrator met with the SAG and/or the Technical Advisory Committee¹⁵ (“TAC”) often to create a high level of transparency and vetting in the update of the IL-TRM. This consensus IL-TRM Update document was arrived at through five structured stakeholder review and

¹⁴ *Final Order* at 34, *Illinois Department of Commerce and Economic Opportunity: Approval of its Energy Efficiency Portfolio and Plan Pursuant to Sections 8-103(e) and (f) and 8-104(e) and (f) of the Public Utilities Act*, ICC Docket No. 13-0499 (January 28, 2014).

¹⁵ The active participants in the IL-TRM development and update process are designated as the 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.” *IL-TRM Policy Document* at 6. See page 19 of the IL-TRM Version 4.0 for a list of some of the TAC participants.

commenting opportunities involving the SAG, in addition to over 30 meetings with interested stakeholders to discuss details regarding the various IL-TRM Updates, so as to help ensure the consensus nature of this document.

This update to the IL-TRM encompasses 83 energy efficiency measure-level changes made during this update cycle (including 23 new energy efficiency measures added to the manual) and it includes a new section that addresses statewide NTG methodologies for several energy efficiency program types. A high-level summary of the 83 measure-level changes reflected in this IL-TRM Update can be found at pages 11-17 of the IL-TRM Version 4.0. A redlined comparison document of changes between Version 3.0 and Version 4.0 of the IL-TRM can be found on the Commission's website under the IL-TRM Version 4.0 heading on the following webpage: <http://www.icc.illinois.gov/Electricity/TRM.aspx>.

This IL-TRM Update is meant to reflect consensus agreements reached through the SAG meetings, TAC meetings, CHP subcommittee meetings, the Illinois NTG Working Group meetings, and the Equivalent Full Load Hours ("EFLH") subcommittee meetings that comprised this year's IL-TRM Update Process.

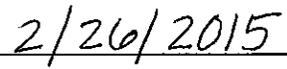
Recommendation

Staff hereby recommends that the Commission initiate a proceeding to consider approval of, on an expedited basis, the IL-TRM Version 4.0 dated February 24, 2015. In order to proceed efficiently, Staff recommends that the Initiating Order adopt the following schedule: Staff's Verified Comments are due March 23, 2015.

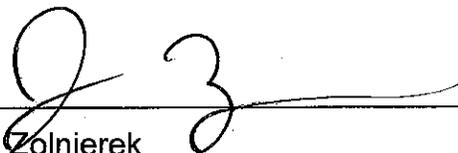
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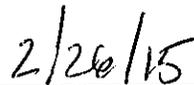

Date

Approved by:

A handwritten signature in black ink, consisting of a large, stylized 'J' followed by a 'Z' and a long horizontal flourish.

Jim Zolnierek

Policy Division Director

A handwritten date in black ink, written as '2/26/15'.

Date