

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission :
On Its Own Motion :
-vs- :
Ameren Illinois Company d/b/a Ameren :
Illinois, Commonwealth Edison Company, :
The Peoples Gas Light and Coke Company, : **15-0187**
North Shore Gas Company, and Northern :
Illinois Gas Company d/b/a Nicor Gas :
Company :
: :
: :
Approval of the Illinois Statewide Technical :
Reference Manual for Energy Efficiency. :

JOINT DRAFT PROPOSED ORDER

By the Commission:

On recommendation of a Staff Report from the Illinois Commerce Commission's ("Commission") Policy Division dated February 26, 2015, the Commission issued an Order to initiate a proceeding to consider approval of the third annual update to the Illinois Statewide Technical Reference Manual for Energy Efficiency ("IL-TRM") on March 5, 2015. Pursuant to that Initiating Order, Ameren Illinois Company d/b/a Ameren Illinois ("Ameren Illinois"), Commonwealth Edison Company ("ComEd"), The Peoples Gas Light and Coke Company and North Shore Gas Company ("Peoples Gas/North Shore Gas"), and Northern Illinois Gas Company d/b/a Nicor Gas Company ("Nicor Gas") (collectively, referred to herein as the "Utilities") were made respondents and notice of this proceeding was served on the Illinois Department of Commerce and Economic Opportunity ("DCEO"). Collectively, the Utilities and Commission Staff ("Staff") are referred to herein as the "Parties."

Pursuant to Sections 8-103 and 8-104 of the Illinois Public Utilities Act ("Act" or "PUA"), the Utilities, in coordination with the DCEO, are required to file three-year Energy Efficiency ("EE") Plans with the Commission to meet the applicable EE standards specified in the statute. 220 ILCS 5/8-103, 8-104. Between September 29, 2010, and October 1, 2010, the Utilities filed petitions for approval of EE Plans pursuant to Sections 8-103 and 8-104 of the Act. When the Commission entered Orders approving the Utilities' respective EE Plans, the Commission required the Utilities to collaborate with the Illinois Energy Efficiency Stakeholder Advisory Group ("SAG") participants and DCEO to develop an Illinois Statewide Technical Reference Manual. See ComEd, Docket No. 10-0570, Final Order at 59-60 (Dec. 21, 2010); Ameren, Docket No. 10-0568, Order on Rehearing at 19 (May 24, 2011); Nicor Gas, Docket No.

10-0562, Final Order at 30 (May 24, 2011); Peoples Gas/North Shore Gas, Docket No. 10-0564, Final Order at 76 (May 24, 2011).

The purpose of the IL-TRM is to provide a transparent and consistent basis for calculating energy (electric kilowatt-hours ("kWh") or natural gas therms) and capacity (electric kilowatts ("kW")) savings generated by the State of Illinois' EE programs, which are administered by the Utilities and DCEO, otherwise known as the Program Administrators. The first version of the IL-TRM, dated September 14, 2012, was developed to comply with the Commission's Orders from the EE Plan dockets and was approved and adopted in Docket No. 12-0528. Docket No. 12-0528, Final Order at 5 (Jan. 9, 2013). The second and third versions of the IL-TRM were approved and adopted in Docket Nos. 13-0437 and 14-0189, respectively. Docket No. 13-0437, Final Order at 4 (Nov. 6, 2013); Docket No. 14-0189, Final Order at 4 (April 29, 2014).

The Policy Document for the IL-TRM, which is Attachment A to the Policy Division Staff Report filed in Docket No. 13-0077 ("TRM Policy Document"), was approved and adopted by the Commission in that docket. Docket No. 13-0077, Final Order at 5 (March 27, 2013). The TRM Policy Document bears on this docket as it provides 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 it will become obsolete and the savings estimates less reliable. TRM Policy Document at 5-8. In Docket No. 14-0588, the Illinois Power Agency's petition for approval of its 2015 power procurement plan under Section 16-111.5(d)(4) of the Act, the Commission extended the TRM policies, including the applicability of the IL-TRM, to the EE programs contemplated by Section 16-111.5B of the Act. The Commission believed that this result would increase certainty for all parties. Initiating Order at 3 (March 5, 2015).

In approving the Utilities' 2013 EE Plans, the Commission directed certain utilities to require their evaluators to collaborate with the SAG to develop consistent statewide net-to-gross methodologies ("IL-NTG Methods") for use in estimating net savings in the evaluations of comparable EE programs offered by different Illinois Program Administrators. See, Initiating Order at 3; Nicor Gas, Docket No. 13-0549, Final Order at 41-42, 78 (May 20, 2014); Peoples Gas/North Shore Gas, Docket No. 13-0550, Final Order at 54-55, 66 (May 20, 2014); Ameren, Docket No. 13-0498, Final Order at 167, 171 (Jan. 28, 2014). The Commission further directed Staff to file the consensus IL-NTG Methods as an attachment to the updated IL-TRM. Id. The Commission concluded that this will aid in future evaluation of the EE programs, help ensure the independence of the evaluators, improve efficiency in the evaluation process, and ensure EE programs across the state as delivered by the various Program Administrators can be meaningfully and consistently evaluated. Id.

Pursuant to the Commission's Orders, the Utilities, DCEO, Staff, and interested stakeholders had the opportunity to, and also participated in, the update process for the IL-TRM. The ongoing review process involving the SAG resulted in the third update of the IL-TRM. The updated IL-TRM under review in this proceeding is embodied in the

Illinois Statewide Technical Reference Manual for Energy Efficiency Version 4.0, dated February 24, 2015 ("IL-TRM Version 4.0"), with an effective date of June 1, 2015.

Pursuant to the schedule set forth in the Commission's Initiating Order, Staff filed Verified Comments on March 23, 2015 and recommended approval and adoption of the IL-TRM Version 4.0.

Pursuant to due notice as required by law and by the rules and regulations of the Commission, a status hearing was held in this matter on April 2, 2015 before a duly-authorized ALJ at the Commission's offices in Chicago, Illinois. Ameren Illinois, Nicor Gas, and Commission Staff appeared through legal counsel. Staff's Verified Comments were admitted into evidence at the hearing. The ALJ set a schedule for parties to file Responses to Staff's Verified Comments by April 16, 2015; no responses were filed. Also at the April 2, 2015 status hearing, Ameren Illinois, Nicor Gas, and Staff stated that they intended to provide an agreed draft proposed order to the ALJ wherein the Commission is urged to adopt the IL-TRM Version 4.0 presented in this docket. Staff prepared a draft proposed order, which was circulated to the Parties for review, comment, and edit. The Parties' agreed draft proposed order was filed on April 23, 2015. The record was marked "Heard and Taken" subsequent to the filing of the Parties' agreed draft proposed order.

I. Statutory Authority

Section 8-103. Electric Energy Efficiency and Demand-Response Measures.

Section 8-103 of the Act requires, among other things, electric utilities and DCEO to use cost-effective energy efficiency and demand-response programs and measures to reduce delivery load, and also allows for the recovery of costs for reasonable and prudent expenses incurred in implementing these EE programs and measures. As noted above, the Commission is authorized under subsections (e) and (f) of Section 8-103 to review and approve the utilities' filing and implementation of an energy efficiency and demand-response plan.¹

Section 8-104. Natural Gas Energy Efficiency Programs.

Section 8-104 of the Act requires, among other things, natural gas utilities and DCEO to use cost-effective energy efficiency programs and measures to reduce direct and indirect costs to consumers, and also allows for the recovery of costs for reasonable and prudent expenses incurred in implementing these EE programs and measures. As noted above, the Commission is authorized under subsections (e) and (f)

¹ Section 8-103(a) of the Act also provides however that the low-income measures described in subsection (f)(4) of that Section shall not be required to meet the total resource cost test and therefore those measures are not held to the same cost-effective standard.

of Section 8-104 to review and approve the utilities' filing and implementation of an energy efficiency plan.²

Section 16-111.5B. Electric Energy Efficiency Procurement.

Section 16-111.5B of the Act requires, among other things, electric utilities to use cost-effective energy efficiency programs and measures to reduce the amount of power to be procured under the Illinois Power Agency's electricity procurement plan. The Commission is authorized under Section 16-111.5B(a)(5) of the Act to approve cost-effective EE programs and measures included in the procurement plan pursuant to Section 16-111.5(d)(4) if the Commission determines they fully capture the potential for all achievable cost-effective savings, to the extent practicable, and otherwise satisfy the requirements of Section 8-103 of the Act.

II. Staff's Position

Staff stated that the IL-TRM Version 4.0 attached to its Report filed in this docket was arrived at using the Commission-mandated process. Staff Verified Comments at 1-2. The IL-TRM Version 4.0 was developed by the TRM Administrator with substantial input from interested SAG participants. Staff explained that this update to the IL-TRM encompasses 83 EE measure-level changes made during this update cycle (including 23 new EE measures added to the manual) and a high-level summary of these revisions can be found in the front of the manual in Table 1.3. Staff Report at 5 (citing IL-TRM Version 4.0 at 11-17). The collaborative and transparent update process for the development of the IL-TRM Version 4.0 involved 5 structured stakeholder review and 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 the document. Staff Report at 4-5. Staff understands that the IL-TRM Version 4.0 reflects consensus agreements reached between and among all interested SAG participants and stakeholders through discussions at the SAG meetings, TRM Technical Advisory Committee meetings, the Combined Heat and Power ("CHP") subcommittee meetings, the Equivalent Full Load Hours subcommittee meetings, and the Illinois NTG Working Group meetings that comprised this year's IL-TRM Update Process. Id. at 5. As such, Staff recommends that the IL-TRM Version 4.0 be approved and adopted by the Commission.

As noted in the Staff Report, the Commission required certain Illinois evaluators to collaborate with each other and the SAG to reach consensus on the most defensible and well-vetted methodologies for assessing NTG ratios in particular markets for both residential and non-residential EE programs. Nicor Gas, Docket No. 13-0549, Final Order at 41-42, 78 (May 20, 2014); Peoples Gas/North Shore Gas, Docket No. 13-0550,

² Section 8-104(b) of the Act also provides however that the low-income programs described in item (4) of subsection (f) of that Section shall not be required to meet the total resource cost test and therefore those measures are not held to the same cost-effective standard.

Final Order at 54-55, 66 (May 20, 2014); Ameren, Docket No. 13-0498, Final Order at 167, 171 (Jan. 28, 2014). The Commission also directed Staff to file the consensus IL-NTG Methods as an attachment to the Updated IL-TRM. Id. Staff noted that consistent with this Commission directive, the IL-TRM Version 4.0 includes the IL-NTG Methods specific to several EE program types. Staff Report at 3 (citing IL-TRM Version 4.0 at 774-801). The IL-NTG Methods component of the IL-TRM is effective for NTG evaluations for the applicable EE program types where data collection starts after the effective date, June 1, 2015, and it is not restricted to NTG evaluations for a specific program year given the variance in timing of NTG evaluation activities for particular EE programs. IL-TRM Version 4.0 at 777.

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 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." DCEO, Docket No. 13-0499, Final Order at 34 (Jan. 28, 2014). Staff noted that consistent with this Commission directive, the IL-TRM Version 4.0 includes a technical method to calculate energy savings from CHP systems in Illinois. Staff Report at 4 (citing IL-TRM Version 4.0 at 324-332).

III. Utilities' Position

No responses or objections were filed in response to Staff's Report or Verified Comments.

IV. Commission Analysis and Conclusion

The Staff Report filed in this docket attaches the IL-TRM Version 4.0, which provides a transparent and consistent basis for calculating energy and capacity savings generated by the State of Illinois' energy efficiency programs. In reviewing this document, the Commission appreciates the efforts of the participants in producing the update to this comprehensive aid. The Commission has broad legal authority under Sections 8-103, 8-104, and 16-111.5B of the Act to determine whether the IL-TRM Version 4.0 filed in this docket is in compliance with the Commission's Orders from the Utilities' energy efficiency Plan dockets identified above. The Commission agrees with Staff that the IL-TRM Version 4.0 filed in this docket as an attachment to the Staff Report was arrived at using the Commission-mandated process, it is a consensus document, and it is consistent with the Commission's Orders and the TRM Policy Document adopted by the Commission. The Commission hereby approves and adopts the IL-TRM Version 4.0 dated February 24, 2015 that was filed in this docket as an attachment to the Staff Report. Pursuant to its own terms, the IL-TRM Version 4.0 is effective beginning June 1, 2015. Furthermore, all NTG data collection and analysis activities for the energy efficiency program types covered by the IL-NTG Methods component of the IL-TRM Version 4.0 that start after the effective date, June 1, 2015, shall conform to the NTG methodologies and procedures set forth therein.

V. Findings and Orderings Paragraphs

The Commission, being fully advised in the premises, is of the opinion and finds that:

- (1) The Commission has jurisdiction over the subject matter in and the parties in this proceeding;
- (2) The recitals of fact set forth in the prefatory portion of this Order are supported by the record and are hereby adopted as findings of fact;
- (3) the Illinois Statewide Technical Reference Manual for Energy Efficiency Version 4.0 dated February 24, 2015, filed in this docket as an attachment to the Staff Report, is approved and adopted, and shall be effective beginning June 1, 2015.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that the Illinois Statewide Technical Reference Manual for Energy Efficiency Version 4.0 dated February 24, 2015, as filed in this docket, is approved and adopted, and shall be effective beginning June 1, 2015.

IT IS FURTHER ORDERED that all motions, petitions, objections and other matters in this proceeding that remain unresolved are hereby disposed of in a manner 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 Illinois Administrative Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By Order of the Commission this 6th day of May, 2015.

(SIGNED) BRIEN SHEAHAN

Chairman