Electric Energy Efficiency Compliance With 220 ILCS 5/16-111.5B

(Provisions Relating to Energy Efficiency Procurement)

An Accompaniment to AIC's Procurement Submission

Prepared Pursuant to Section 16-111.5 of the Illinois Public Utilities Act

Program Year:

June 1, 2016 – May 31, 2017

Ameren Illinois Company

July 15, 2015

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1.0 Overview of Submission

In accordance with Section 5/16-111.5B (included as Appendix 1) of the Public Utilities Act (the "Act"), Ameren Illinois Company d/b/a Ameren Illinois ("Ameren Illinois," "AIC" or the "Company") hereby submits this assessment and related information to the Illinois Power Agency ("IPA") regarding the procurement of energy efficiency for the upcoming program year ("PY"), which comprises the time period including June 1, 2016 through May 30, 2017.[1] This submission reflects careful consideration of the provisions of the Act, materials received by Ameren Illinois from energy efficiency vendors who provided bids in response to the request for proposal ("RFP"), and significant collaboration with, and input from, interested stakeholders who participated in the review of the bids.

Since 2007, Ameren Illinois has achieved an estimated 1,736,380 MWh of first-year energy savings through an innovative portfolio of energy efficiency programs offered through Section 5/8-103 and Section 5/8-104 of the Act. During this time, AIC has established and grown collaborative relationships with interested stakeholders[2] and provided leadership on several major policy initiatives, including the development and approval of the statewide Technical Reference Manual ("TRM") and the developing of a statewide Energy Efficiency Policy Manual. Since 2013, Ameren Illinois has prepared a submission relating to energy efficiency for use by the IPA when developing its Plan to procure electricity for Illinois' electric utilities for the upcoming year. As in past years, it is expected that the IPA will review the submissions of the electric utilities, prepare its Procurement Plan, and then file the Plan with the Illinois Commerce Commission ("ICC" or "Commission") for review and approval.

Under Section 5/16-111.5B(a)(4) of the Act, the IPA must include in its Procurement Plan filing, among other things, any "energy efficiency programs and measures it determines are cost-effective…." The Commission, however, must go beyond the IPA's

[1]This time period also coincides with the ninth year of electric energy efficiency implementation in the Ameren Illinois service territory ("PY9").

[2]These stakeholders include: the Office of the Attorney General for the State of Illinois ("OAG"); the Citizens Utility Board ("CUB"); the Environmental Law and Policy Center ("ELPC"); the Natural Resources Defense Council ("NRDC"); the Illinois Power Agency ("IPA"), the Commission Staff; other utilities; interested customer groups and many industry-specific vendors and experts.

cost-effective analysis and approve "the energy efficiency programs and measures included in the procurement plan, including the annual energy savings goal, 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 this Act." 220 ILCS 5/16-111.5B(a)(5) (emphasis added). Historically, the Commission has used its power under the Act to fashion practical limits on the procurement of energy efficiency, in an attempt to ensure that ratepayer funds do not get spent on energy efficiency programs that would not yield meaningful savings for electric customers.[3]

As follows, AIC expects that the IPA and the Commission will again grapple with the practical limits of energy efficiency procurement for PY9. First, the staggering growth in costs attributable to IPA procurement of energy efficiency warrant careful analysis of whether and how much energy efficiency the Commission should approve. For example, the programs that could be included in the PY9 IPA Procurement Plan would be in addition to the already Commission-approved $38 million in spending on energy efficiency programs (which were approved as part of the PY8 IPA Procurement Plan's two-year energy efficiency programs). As presented in Table 1, the amounts already approved for PY9 represents a continuation of year over year increases in spending by ratepayers since the inception of IPA procurement of energy efficiency:

[3]When faced with other energy efficiency related policy issues, the Commission has either deferred resolution of those issues, noting the Act's requirements to conduct the review and approval of the IPA Procurement Plan on an expedited schedule, or ordered interested stakeholders to work together to resolve technical issues either through the Commission-created Stakeholder Advisory Group ("SAG") or ICC- or IPA-led workshops. *See e.g.,* (ICC Docket No. 14-0588, Final Order (Dec. 18, 2014) at 157; 224 (noting the timing constraints and ordering certain policy issues to be addressed outside of the docket).) These resolution mechanisms have been, by and large, productive to resolve some disagreements or to allow interested stakeholders to better understand areas of agreement and disagreement.

Table 1

Historically Approved IPA Savings and Budgets

Program Year	Approved in Docket	Estimated Net MWh Savings at Meter	Estimated Budget
PY6	12-0544	66,088	$ 27,143,236.00
PY7	13-0546	61,282	$ 23,219,957.00
PY8	14-0588	158,801	$ 38,559,717.50
PY9	14-0588	159,034	$ 38,003,062.50

Should the IPA recommend approving the bids included in this assessment, it would represent a 82% increase in approved budgets over the last four years. These programs would also represent a 30% increase over the already approved $38 million in program spending for PY9. Stated another way, if approved, the combined $49 million in approved spending budget would result in an estimated budget around the same as AIC's current estimated budget for its Section 5/8-103 portfolio. However, unlike the Section 5/8-103 portfolio, which costs are recovered from all rate classes including the medium and large businesses (DS-3 and DS-4), the costs related to the IPA Procurement Plan are borne only by the DS-1 and DS-2 rates classes.

The impact on Ameren Illinois DS-1 (residential) and DS-2 (small business) customer bills attributable to energy efficiency spending is significant. Prior to June 1, 2013, when the IPA began accepting energy efficiency programs as an alternative to supply, the average annual electric energy efficiency rider charges (via Rider EDR) totaled approximately $20 for DS-1 customers and $61 for DS-2 customers for energy efficiency programs procured as part of the Section 5/8-103 portfolio. For PY9, the annual cost of electric energy efficiency procurement (under both Section 5/8-103 and Section 5/16-111.5B) will rise to approximately $55 for DS-1 customers and $175 for DS-2 customers, over half of which will be attributable to energy efficiency procured as part of the IPA Procurement Plan.[4] This represents about a 175% and 187% increase, respectively, in annual Rider EDR costs for DS-1 and DS-2 customers since the IPA started procuring energy efficiency.

[4] These estimates assume the IPA includes and the Commission approves only those programs recommended to be included as part of the 2016 IPA Procurement Plan as identified in this submission.

Both the growth in spend and bill impact are notable because energy efficiency has not always been the lowest-cost impact to customers, particularly at times when the electric utilities have had enough power supply already under contract for a procurement year. For example, in ICC Docket No. 12-0544, the Commission approved an estimated $27 million of ratepayer funds to be spent on energy efficiency, even though the Commission did not order any additional procurement of supply. *See* ICC Docket No. 12-0544, Final Order (Dec. 19, 2012) at 277).

In light of these increased costs and impact on customers, AIC continues to carefully review the bids received by vendors who seek to have electric energy efficiency programs included as part of the IPA Procurement Plan. This review has raised a few concerns, which are included in this submission for IPA and Commission consideration. First, bidders participating in the RFP process may not believe they have any requirement to minimize costs to electric customers so long as, ultimately, the proposed program passes the Act's "cost-effectiveness" requirement that programs be "cost-effective" under the Total Resource Cost ("TRC") test.[5] For example, certain bidders included measures that would traditionally only be offered through a combined or gas-only energy efficiency portfolio pursuant to Section 5/8-104 (and not pursuant to Section 5/8-103). When AIC approached the bidders to explore their willingness to focus efforts on greater electric savings rather than gas, AIC received an overwhelming response that the bidders would not do so. While inclusion of gas measures may result in a program passing the TRC test (which calculates both electric and gas savings), inclusion of such measures contradicts with the Act's intention of having the IPA procure

[5]The TRC is defined by IL statute in Sec 1-10 of the Act as, "Total resource cost test" or "TRC test" means a standard that is met if, for an investment in energy efficiency or demand-response measures, the benefit-cost ratio is greater than one. The benefit-cost ratio is the ratio of the net present value of the total benefits of the program to the net present value of the total costs as calculated over the lifetime of the measures. A total resource cost test compares the sum of avoided electric utility costs, representing the benefits that accrue to the system and the participant in the delivery of those efficiency measures, as well as other quantifiable societal benefits, including avoided natural gas utility costs, to the sum of all incremental costs of end-use measures that are implemented due to the program (including both utility and participant contributions), plus costs to administer, deliver, and evaluate each demand-side program, to quantify the net savings obtained by substituting the demand-side program for supply resources. In calculating avoided costs of power and energy that an electric utility would otherwise have had to acquire, reasonable estimates shall be included of financial costs likely to be imposed by future regulations and legislation on emissions of greenhouse gases."

electricity for electric utilities by having electric customers pay for gas measures that could yield only gas savings.

Second, AIC has observed a different standard being applied by stakeholders for the review and approval of energy efficiency programs under Section 5/8-103 and those bids submitted pursuant to Section 5/16-111.5B. Specifically, stakeholder review under Section 5/8-103 has focused on program selection and the overall cost per kWh (accomplished through review of assumed program costs and proposed adjustments to same). *See e.g.*, ICC Docket No. 13-0498, Final Order (Dec. 21, 2014) at 48-62 (setting forth stakeholder positions regarding the transfer of certain programs from the proposed Section 5/8-103 portfolio to the Section 5/16-111.5B IPA procurement process). Yet, during review of proposed energy efficiency programs for inclusion in the IPA Procurement Plan, the review has often focused on whether a program passes the TRC test (and adjusting values used in the TRC test) as opposed to bidder costs or assessment of whether the bidder, many of whom are new to AIC's service territories, can actually deliver the estimated savings proposed.

Finally, the substantial growth in received bids also appears to have had an impact on the cost of energy efficiency administration and implementation. Each year AIC must spend more administrative resources to try to ascertain bidder reliability, accountability and to ensure market allies and customers are not confused by the deluge of new bidders that may or may not deliver consistent messages in AIC's service territory. While cost-effectiveness is often calculated at the planning stage, without knowledge to the effects of program-to-program impact, the practical reality is that the programs are not implemented in isolation. Stakeholders and the Commission have previously recognized this concern and the Commission adopted a multi-factor test to prevent duplicative or competing programs from having a negative impact on the savings achieved by such programs or in the adoption of energy efficiency by AIC customers, in general. *See* ICC Docket No. 13-0456, Final Order (Dec. 18, 2013), at 148-149.) The Commission may once again be called upon to address such practical concerns when reviewing the IPA Procurement Plan for PY9.

In consideration of the above, Ameren Illinois provides the following assessment and information required pursuant to Section 5/16-111.5B. As more fully explained below, the following programs could be included in the IPA Procurement Plan, though AIC recommends that the final two not be approved by the Commission as they cost more than the prevailing cost of supply.

Sector[6]	Program	Program Cost < Cost of Supply	UCT > 1	TRC > 1	Estimated Net MWh at Meter	Recommended for Inclusion
RES	CLEAResult - Community-Based CFL Distribution	X	X	X	8,402	X
C&I	360 Energy - Public HVAC Optimization	X	X	X	6,926	X
C&I	360 Energy - Private HVAC Optimization	X	X	X	6,926	X
C&I	GDS - Small Commercial Lit Signage	X	X	X	8,480	X
C&I	Nexant - HVAC Check-Up	X	X	X	5,349	X
C&I	Matrix - LED Linear Lighting for Small Facilities	X	X	X	13,281	X
C&I	Matrix - Demand Based Ventilation Fan Control for Facilities w/ High Occupancy Variability	X	X	X	5,148	X
RES	Opower - Electric Only Behavior Mod 50k Participants		X	X	7,780	
C&I	GDS - Agricultural EE		X	X	851	

[6]"RES" includes the residential sector and "C&I" includes the commercial and industrial sector

1.1 Prior ICC Dockets Addressing IPA Procurement of Energy Efficiency

The Commission has reviewed and approved energy efficiency programs for the Ameren Illinois service territory in ICC Docket Nos. 12-0544 (PY6), 13-0546 (PY7) and 14-0588 (PY8 and PY9). As noted above, this submission pertains to PY9, which coincides with the final year of AIC's three year energy efficiency portfolio implemented pursuant to Section 5/8-103 and Section 5/8-104. This three year portfolio was reviewed and approved by the Commission in ICC Docket No. 13-0498.

1.2 Report on Items Ordered by the ICC to be Completed

In ICC Docket No. 14-0588, the Commission ordered AIC to, among other things, participate in workshops regarding: (1) IPA Procurement of Alternative Energy Efficiency of As A Supply Resource ("EEAASR"); and 2) the appropriate parameters for the Total Resource Cost test, which determines whether a program is "cost-effective." (ICC Docket No. 14-0588, Final Order (Dec. 18, 2014) at 157; 224). The Commission also ordered the utilities to begin tracking administrative costs at the program level in order to aid in future consideration of proposed programs. (*Id.* at 224.) The status of each of these items is addressed, in turn, below.

First, in compliance with the Final Order, ICC Staff coordinated workshops to pursue IPA's alternative proposal for procuring a demand-side product delivered during summer peak hours referred to in the last IPA Procurement docket as EEAASR. The workshop resulted in EEAASR being re-titled Peak-Hour Oriented Energy Efficiency ("PHOEE"). The workshop also resulted in changes being made to AIC's RFP to address IPA's PHOEE procurement proposal, which changes reflected consideration of interested stakeholders' comments.

Second, in compliance with the Final Order, AIC participated in SAG-coordinated workshops regarding the appropriate parameters of the TRC test, specifically with regard to line losses, Non-Energy Benefits ("NEBs") and Demand Reduction Induced Price Effect ("DRIPE"). These issues were primarily addressed through the SAG-formed "TRC Subcommittee," which began in early 2015. The SAG TRC Subcommittee

discussed marginal versus average line losses and, in general, participants (including AIC) came to agreement that marginal line losses would be used instead of average line losses. With respect to NEBs and DRIPE, a robust discussion was held, and included a presentation by Skumatz Economic Research Associates on behalf of NRDC on how NEBs are calculated and research was conducted regarding NEBs in other jurisdictions. Overall, the research revealed that NEBs are not widely incorporated in calculating energy efficiency program cost-effectiveness and when they are, it is for policy reasons adopted by the applicable State jurisdiction. Moreover, two economists presented their perspective of whether to include DRIPE in the TRC test. Northbridge Group presented on behalf of ComEd and Resource Insight, presented on behalf of NRDC. The utilities and Staff maintained the position that DRIPE should not be included in the TRC test. NRDC and others took the position that DRIPE should be included in the TRC test. Discussions remain ongoing through the SAG TRC Subcommittee on this issue with no consensus reached to date.

Finally, in compliance with the ICC's directive, AIC has begun to track administrative costs by program beginning with the PY8 16-111.5B programs. With the program year beginning on June 1, 2015, the preliminary data is limited but appears to be in line with the amounts presented to the IPA and the Commission in ICC Docket No. 14-0588.

1.3 TRC Assumptions/Changes

To add rigor, expertise and independence to the analysis for this submission, AIC once again engaged the national consulting firm of Applied Energy Group ("AEG") who utilizes the robust "BENCOST" modeling software to determine measure savings and cost-effectiveness. BENCOST is an open-source spreadsheet tool that allows for full transparency. AEG has been engaged with AIC for over six years and has performed past analysis for all of AIC's annual previous IPA Procurement Plan submissions. AEG also has significant knowledge, experience and a deep understanding of energy efficiency programs in Illinois by virtue of developing three year energy efficiency plans for utilities in Illinois, including AIC, Peoples Gas and North Shore Gas. With input from AIC, stakeholders and bidders, AEG performed the TRC analysis included in this submission.

When performing the cost-effectiveness screening, and as a result of the SAG Subcommittee (workshop) process, AEG applied marginal line losses instead of average line losses. AIC does not have a marginal line loss study applicable to its service territory, so for the analyses for this submission, AIC mirrored ComEd's marginal loss analysis study which showed an annual marginal distribution loss that is 1.65 times the average distribution loss. AIC applied this ratio times their average distribution losses to arrive at estimated marginal line losses. AIC is interested in completing a marginal line loss study in the future to make sure the costs are accurate.

Notably, the TRC test results provided with this submission does not include NEBs or DRIPE. With respect to NEBs, AIC 's position on the use of NEBs has evolved from its previous position as the SAG TRC Subcommittee research revealed that NEBs are not widely incorporated in calculating energy efficiency program cost-effectiveness and ICC Staff expressed a strong concern about using a default NEBs adder without quantifiable study to support the value.[7] With respect to DRIPE, AIC agrees with the presentation made by the Northbridge Group, which indicated that acceptance of DRIPE would not be in customers' best interest as it would lead to spending customers' money on resources that are not cost-competitive; would rely upon questionable and uncertain key assumptions regarding market response and would involve longer-term effects that raise (not lower) prices for customers in the long-run. Without the inclusion of DRIPE, interested electric suppliers will be reassured that they will be able to compete in Illinois without the threat that their long-term investments will be devalued by regulatory market manipulation and will better encourage innovation and competition across all resources on the basis of lowest cost, to the benefit of customers.

AIC also provided utility-specific assumptions including avoided costs (energy, capacity, and natural gas), discount rates, line losses, etc. Standard bids were evaluated using standard yearly avoided costs. PHOEE bids were evaluated using hourly avoided costs. AIC also provided an additional 13.58% of total costs to be used to cover the administration of the energy efficiency programs. This percentage includes costs that

[7]AIC's positions may further evolve through its participation on the SAG TRC Subcommittee, as more information is provided and analyzed in the context of specific measures.

have already occurred or will be occurring as a result of this submission and include at least the following categories: 3.5% for Evaluation, Measurement & Verification activities ("EM&V"), 5% for program implementation oversight; portion of the costs to conduct the potential study (estimated at $1.5 million), ~3% for education and awareness activities as well as planning, assessment and tracking of the programs, as required under Section 5/16-111.5B.

Finally, as noted above in Section 1.0, AIC has become concerned that some bidders rely on gas measures and benefits to make a proposed program cost-effective, but would have only electric consumers paying for these programs without any assurance that those customers would actually receive any gas savings. While AIC is a dual fuel utility, approximately 50% of residential customers do not receive gas service from AIC, while approximately 75% of small business customers do not receive gas service from AIC. Given AIC's concerns, and with consideration of stakeholder insight and opinion, AEG ran the TRC analysis for those programs with significant gas measures and savings both considering and excluding gas benefits. While AIC acknowledges the Act's requirement to run the TRC test using electric and gas savings, AIC and certain stakeholders agreed that the electric-only TRC can provide useful information for the IPA and the Commission to consider when reviewing and approving programs to be included in the IPA Procurement Plan and for setting practical limits on future RFP submissions.

1.4 TRM and NTG Assumptions

Consistent with prior ICC directives, AIC has actively participated in the development and update of an annual statewide Technical Resource Manual ("IL-TRM")[8] which is the guiding document and tool for determining energy efficiency measure savings in Illinois. Therefore, programs were analyzed using measure values reflected in the 2015 updated IL-TRM (referred to as Version 4.0). Besides creating consistency with statewide accepted values, using ICC-approved TRM values provides reasonable confidence in the methodology used to determine the savings estimates provided in this

[8]The first IL-TRM was approved in Dockets 12-0528 and 13-0077. The second and third TRMs were approved in Dockets 13-0437 14-0189, respectively. The most recent IL-TRM was approved in Docket 15-0187

submission. Programs were also analyzed using the recommended Net-to-Gross ("NTG") values provided by AIC's independent evaluator, Opinion Dynamics. Opinion Dynamics' approach to developing and providing NTG values was consistent with the June 18, 2014 consensus language from the Section 16-111.5B Oversight and Evaluation Responsibility Workshop (2014 Workshop, the summary of which is attached as Appendix 2)[9]. For ease of reference, NTG values recommended by Opinion Dynamics are included as Appendix 3.

1.5 Reservations and Requests

AIC developed and provided this submission using the available information and materials known, but as reflected in the consensus language from the 2014 Workshop to the extent circumstances beyond AIC's control change (e.g., updates to the IL-TRM and NTG, changes in the market, a program or measure is no longer offered by a bidder or the desire to add new energy efficiency measures by the implementer)[10], AIC also reserves the right to update, revise or amend the programs approved in this docket. AIC's positions reflected herein are subject to change and AIC reserves the right to adjust any terms or conditions with any selected implementers to account for any pertinent ICC Orders, including those addressing customer data and privacy, or other relevant matters

As noted in prior ICC dockets, Illinois energy efficiency values are subject to change from the date of bid submission and prior to program implementation, which occurs more than a year following bid submission. AIC intends to pursue contract negotiations with those bidders of programs approved by the Commission, using contract parameters previously approved, including a "pay for performance" model of compensation. To the extent AIC can come to terms with bidders in a timely manner,

[9]The 2014 Workshop summary is included in this submission as Appendix 2 and available on the ICC website at http://www.icc.illinois.gov/electricity/EnergyEfficiencyWorkshops161115B.aspx. See Item 1 in the "June 18, 2014 Consensus Language for Section 16-111.5B Oversight and Evaluation Responsibility Energy Efficiency Issues".

[10]Per the 2014 Workshop summary, consensus item 4 in the "June 18, 2014 Consensus Language for Section 16-111.5B Oversight and Evaluation Responsibility Energy Efficiency Issues" provides the utilities the exercise of reasonable and prudent judgment in negotiating the exact terms of the contract after Commission approval and to rely upon the best available information and ensure any modifications continue to result in cost-effective energy efficiency program(s) which may result in reasonable adjustments to savings goals. *See* Appendix 2.

AIC expects that approved programs will be implemented. However, a bidder may choose not to execute a contract for implementing a program even after the ICC issues an order for the 2016 IPA Procurement Plan.

Further, AIC formally requests that annual updates to the measure values in the TRM and NTG ratio values result in changes to the implementer's savings goals and/or the cost structures between AIC and the implementer and will be re-negotiated for the savings calculations based upon the annual IL-TRM and NTG updates for one program year. AIC reserves the right to adjust the savings goals in accordance with changes to the values per the revised IL-TRM and evaluation results for the NTG values ex-post the order received for the IPA Procurement Plan. AIC notes that it and/or bidders may choose not to implement the programs depending on any changes in values or if they are subject to a retrospective evaluation to determine savings based on revised IL-TRM and NTG values. Finally, a recalculated TRC value based on revised values may determine the program is no longer cost-effective. Following any pertinent ICC Orders, AIC will update the Commission Staff through the IL SAG regarding any resulting adjustments to the savings goals, TRC values or failure of a bidder's program to move into an implementation phase.

AIC also recognizes that the ICC approves the energy efficiency program savings goals and costs. However, AIC once again notes that the assessed savings and costs are estimates, as are the projected participation levels, none of which the utility created.[11] Actual market results will differ from anticipated results, and so AIC will continue to rely on prior Commission-approval that indeterminate fluctuation in savings may occur by program year end.

Finally, AIC seeks express approval that it is permitted to recover costs that exceed the estimated program costs. In lieu of this express approval, AIC will be forced to prematurely discontinue approved programs prior to the estimated budget being expended.

[11]2013 Workshop consensus item #84 at 6 states as follows, "Section 16-111.5B does not require the utility to be responsible for determining what bidders should be contracted for what amount of savings." (see Appendix 2 for the 2013 Workshop Summary)

2.0 Building Codes and Appliance Standards

Section 5/16-111.5B(a)(1) provides that the utility must include the impact of energy efficiency building codes or appliance standards, both current and projected. In accordance with this provision, the impact of building codes and appliance standards were used during the development of this submission and are explicitly incorporated in the AIC forecast, separately accompanying this submission.

3.0 Potential Study

Section 5/16-111.5B (a)(3)(A)-(B) provides that the utility must include "[a] comprehensive energy efficiency potential study for the utility's service territory that was completed within the past 3 years" and "the most recent analysis submitted pursuant to Section 8-103A of this Act and approved by the Commission under subsection (f) of Section 8-103 of this Act." In accordance with these provisions, AIC submits as Appendix 4 its energy efficiency potential study, which was completed in 2013 and was submitted pursuant to Section 5/8-103A of this Act, approved as part of AIC's three year plan in Docket No. 13-0498 and included as part of the Sec. 5/16-111.5 submission for the 2015 IPA Procurement in Docket 14-0588.

4.0 Assessment of Opportunities

Section 5/16-111.5B(a)(3) provides that a utility must include "an assessment of cost-effective energy efficiency programs or measures that could be included in the procurement plan." In accordance with this provision, AIC provides the following assessment. Consistent with prior years, this assessment was performed, in part, with stakeholder collaboration and input that included discussions with the participating SAG members, including IPA, ICC Staff and other key stakeholders or their representatives.

4.1 RFP Process and Responses

In order to obtain bids for programs to assess, AIC developed an RFP for Third-Party Energy Efficiency residential and small business programs for the IPA PY9/2016 Procurement Plan. That RFP is attached as part of Appendix 5. Several drafts of the RFP were provided to stakeholders in January and February for review and comment. Edits and comments were received from many stakeholders, including NRDC and

ELPC, and many of the suggested edits were incorporated into the RFP.[12] A conference call was held with IPA and ICC Staff in February where several more changes were incorporated into the RFP. After issuance of the RFP, two pre-bid bidder's conference calls were held in mid-February and bidders were provided an opportunity to ask questions. Responses to those questions were issued to all parties who submitted an "Intent to Bid." While the RFP was out for bid, AIC provided the following stakeholders with an opportunity to sign a Non-Disclosure Agreement ("NDA") which in turn, would provide those parties with an opportunity to review the bids: IPA, ELPC, NRDC, Office of the Illinois Attorney General and DCEO. NDAs were signed by representatives from ELPC, NRDC, DCEO and IPA. Bids were also provided to ICC Staff for review.

Bids were due and received in mid-March. Thirty-two (32) bids were received (10 for the residential sector and 22 for the small business sector). A Bid Review Template ("BRT") was developed and provided to those parties signing the NDA along with all the bids received. Upon receipt, AIC began reviewing bids for completeness and compliance with the RFP requirements. For those bids that were missing information (approximately 80% of received bids), bidders were provided an opportunity to re-submit the required data within a reasonable period of time. Three bidders did not provide the required information and one bidder withdrew their bid resulting in a total bid count of twenty-eight (28).

On April 16, stakeholders, including NRDC, ELPC, DCEO and AIC, met via conference call to review the bids and determine which bids did not meet the RFP requirements as they were duplicative to the AIC and/or DCEO 8-103 Plan 3 portfolio, duplicative to the IPA PY9 programs approved in the IPA PY8/2015 Procurement Plan under Docket 14-0588 or included savings that were not measurable. Due to IPA and ICC Staff scheduling conflicts, separate conference calls were held on April 29 and May 4, respectively, to review the bids. Two residential bids and nine small business bids were determined to be duplicative while one small business bid was determined to not have

[12]As noted above, the RFP was also edited to reflect the results of the PHOEE workshop.

measurable savings.[13] As a result, a total of sixteen bids (six residential and ten small business programs) moved forward for bidder and cost-effectiveness screening. Stakeholders agreed that four small business bids were duplicative to already planned DCEO programs, but IPA and DCEO requested (and ELPC and NRDC agreed) that cost-effectiveness screening analysis be conducted for these four bids nonetheless.

As noted above in Section 1.3, AIC and some stakeholders, including ELPC and NRDC, expressed concern that some bids relied on significant gas savings or measures. Initially, agreement was reached that for any bids with gas savings that accounted for 30% or less of total energy savings, two cost-effectiveness screenings would be conducted: one including both electric and gas savings and one including only electric savings. In addition, ELPC and NRDC agreed that any bids meeting the RFP requirements and determined to move forward for bidder and cost-effectiveness screening with gas savings that accounted for >30% of total energy savings, that only one cost-effectiveness screening would be conducted; for electric savings only. IPA agreed that for those bids with gas savings totaling 30% or less of total savings that two analysis would be conducted, but wanted cost-effectiveness screening for those bids with >30% gas savings to have gas savings up to 30% included in the second analysis as well as a third analysis of the bid as intended by the bidder with full gas savings.

IPA and ICC Staff provided their thoughts on how to conduct the cost-effectiveness screening analysis when limiting gas benefits to 30% but no final parameters were agreed to by any parties. AIC suggested and parties agreed in late May that two analyses would be conducted for bids with gas savings, as it could provide the IPA and the Commission with meaningful information.

AIC then moved forward with bidder screening analysis for the 20 bids that met initial RFP requirements.[14] In mid-June, one of the bidders withdrew their residential bid primarily because they had not planned on running an event every day during peak

[13]While stakeholders were in agreement on the non-measureable savings and duplicative bids, IPA, DCEO, ELPC and NRDC indicated that, for those bids that were duplicative to DCEO's 8-103 portfolio, consideration may be given if it was known that the DCEO programs were cancelled due to loss of funding.

[14]At the request of IPA and DCEO, AIC performed TRC analysis on the four duplicative bids as well.

hours of the summer. In late June a conference call was held with IPA, ICC Staff, DCEO, ELPC and NRDC to discuss the review of the bids for vendor screening and the TRC analysis results. Where applicable, AIC noted bidder strengths and weaknesses on the BRTs and DCEO provided screening analysis results for all bids on their completed BRTs. During this meeting, DCEO made a final determination on two small business bids stating they were definitely duplicative to the DCEO Sec. 8-103 programs.

The completed BRTs and TRC results are included in Appendix 6.

4.2 AEG Bid Analysis

In conjunction with the bid analysis conducted by AIC and stakeholders, AEG also performed analysis on the bids. All documents submitted by the bidders were reviewed including the program proposal, measure information spreadsheet, and any supporting documentation.

After initial review, AEG requested additional information from each bidder. All bidders were required to provide the detailed calculations and assumptions that savings and costs were based upon. If the values were not based on the IL-TRM, third party evaluations or other documentation was requested to verify savings values. For the PHOEE programs, 8,760 load shapes were requested in order to perform the analysis on an hourly basis as only one bidder provided this required information in their initial submission.

AEG reviewed the detailed savings calculations provided by the bidders then independently calculated savings for each individual measure where a TRM equation is applicable to verify compliance with the TRM. If the results matched, compliance was verified. If AEG found minor discrepancies in the bidder equations that were not in compliance with TRM Ver. 4.0, AEG adjusted the savings so they were in compliance. If there were major discrepancies, AEG went back to the bidder to gather more information on assumptions to determine why there were differences from the bidder savings and TRM calculations. In all but two cases, the issues were resolved

and AEG was able to verify TRM compliant savings.[15] In the instances where AEG calculations differed from the bidder calculations, the AEG independently calculated savings values were utilized.

4.3 Duplicative and Competing Analysis

All bids were reviewed by AIC and interested stakeholders to determine if any bids were duplicative of, or competing with, AIC or DCEO 8-103 portfolio or currently approved IPA programs for PY9. The Commission approved factors were considered throughout the process and parties agreed on which bids were duplicative or competing.[16] All duplicative and competing bids were not moved forward for bidder or cost-effectiveness screening, subject to two exceptions.[17]

4.4 Programs Relying on Gas Savings or Measures

As noted earlier in this submission, two cost-effectiveness screenings took place for programs that relied on gas measures or substantial gas savings to be cost-effective. Of the bid proposals that were approved for bidder and cost-effectiveness screening in this submission, no bids with a positive TRC required gas benefits to achieve the positive TRC. Although this submission does not necessitate the need to exclude any bids based upon the influence of gas benefits to achieve a positive TRC, AIC believes it is appropriate to perform both analyses each year and intends to do so moving forward. AIC also intends to limit future RFP bids that rely on gas only measures or reflect a reliance on gas savings to a level that would not otherwise be allowed under Section 5/8-103 to be cost-effective.

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[15] One bidder did not agree with the IL-TRM In-Service Rate (ISR) and another bidder did not agree with the IL-TRM hours of use assumed in the analysis though further discussions did not resolve the disagreement as AIC noted in the RFP that all applicable IL-TRM values would be used in the analysis.

[16] See, for example, the documentation provided in Appendix 6.

[17] IPA and DCEO (with agreement from ELPC and NRDC) asked for cost-effectiveness analysis to be performed for a select group of bids that were determined to be duplicative of current DCEO 8-103 programs out of a concern that DCEO may not have funding to implement these programs. AIC accommodated the request, but is not seeking approval of these programs because they are duplicative and the validity of the concern regarding funding for PY9 is not known at this time. AIC is faced with a short contracting time period after the Commission approves the IPA Procurement Plan and concerned that the same state budgeting issues are likely to not be addressed by the time of program start (June 1, 2016). The Commission should not be approving programs based upon speculation. Ratepayers should not have to pay energy efficiency rider charges for the duplicative program under 5/8-103 and IPA 5/16-111.5B, not to mention it may hinder DCEO and/or the IPA bidder from achieving their goals.

4.5 Analysis Showing Cost-Effectiveness

Section 5/16-111.5B(a)(3)(c) provides that a utility must include in its assessment "identification of new or expanded cost-effective energy efficiency programs or measures that are incremental to those included in the energy efficiency and demand response plans approved by the Commission pursuant to Section 8-103 of the Act and that would be offered to all retail customers whose electric service has not been declared competitive under Section 16-113 of this Act and who are eligible to purchase power and energy from the utility under fixed-price bundled service tariffs, regardless of whether such customers actually do purchase such power and energy from the utility."

In accordance with these provisions and past practices, AIC provides the following chart[18]:

Table 2:
Program Assessment Results: TRC Test Results

Sector	Program	TRC > 1	Estimated Net MWh at Meter
RES	Honeywell - HVAC TuneUp Plus PHOEE		1,859
RES	CLEAResult - Community-Based CFL Distribution	X	8,402
RES	CSG - All Electric Homes		8,837
RES	Opower - Electric Only Behavior Mod 50k Participants	X	7,780
RES	Opower - Electric Only Behavior Mod Expansion 1: 25k Participants (75k Total)		2,366
RES	Opower - Electric Only Behavior Mod Expansion 2: 25k Participants (100k Total)		2,242
RES	Accelerate Group - CUB Energy Saver		2,209
C&I	360 Energy - Public HVAC Optimization	X	6,926
C&I	360 Energy - Private HVAC Optimization	X	6,926
C&I	360 Energy - Public LED Lighting PHOEE		3,479

[18]Appendix 7 contains a description of the programs with a TRC>1 in Table 2. Please refer to Appendix 8 and 9 for a copy of all bids, as submitted, as well as additional analyses of those bids.

Sector	Program	TRC > 1	Estimated Net MWh at Meter
C&I	360 Energy - Private LED Lighting PHOEE		3,479
C&I	GDS - Small Commercial Lit Signage	X	8,480
C&I	Agentis - Energy in Focus		5,600
C&I	Weidt Group - Commercial Design Optimizer		1,452
C&I	GDS - Agricultural EE	X	851
C&I	Power TakeOff - Monitoring Based Commissioning (MBCx)		2,363
C&I	Nexant - HVAC Check-Up	X	5,349
C&I	Matrix - LED Linear Lighting for Small Facilities	X	13,281
C&I	Matrix - Demand Based Ventilation Fan Control for Facilities w/ High Occupancy Variability	X	5,148

4.6 Analysis Showing a Reduction in Overall Cost of Service

Section 5/16-111.5B (a)(3)(D) provides that the utility's assessment should include "analysis showing that the new or expanded cost-effective energy efficiency programs or measures would lead to a reduction in the overall cost of electric service."

In accordance with these provisions and past practices, AIC performed a "Utility Cost Test" ("UCT") to determine if the cost-effective energy efficiency programs or measures would lead to a reduction in the overall cost of electric service. The UCT allows utilities to evaluate costs and benefits of energy efficiency programs (and/or demand response and distributed generation) on a comparable basis with supply-side investments. A UCT greater than one (1) indicates that energy efficiency programs are lower-cost approaches to meeting load growth than wholesale energy purchases and new generation resources (including delivery and system costs). A UCT greater than one (1) indicates that the total costs to save energy are less than the costs of the utility delivering the same power. A positive UCT also shows that customer average bills will eventually go down if efficiency is implemented.[19] As reflected below, all programs

[19]EPA's "Understanding Cost-Effectiveness of Energy Efficiency Programs", *A Resource of the National Action Plan For Energy Efficiency,* November 2008.
http://www.epa.gov/cleanenergy/documents/suca/cost-effectiveness.pdf

included in the estimated MWh goal passed the UCT. The following chart provides programs that passed both the TRC test and the UCT test.[20]

Table 3:
Program Assessment Results: UCT

Sector	Program	UCT > 1	TRC > 1	Estimated Net MWh at Meter
RES	CLEAResult - Community-Based CFL Distribution	X	X	8,402
RES	Opower - Electric Only Behavior Mod 50k Participants	X	X	7,780
C&I	360 Energy - Public HVAC Optimization	X	X	6,926
C&I	360 Energy - Private HVAC Optimization	X	X	6,926
C&I	GDS - Small Commercial Lit Signage	X	X	8,480
C&I	GDS - Agricultural EE	X	X	851
C&I	Nexant - HVAC Check-Up	X	X	5,349
C&I	Matrix - LED Linear Lighting for Small Facilities	X	X	13,281
C&I	Matrix - Demand Based Ventilation Fan Control for Facilities w/ High Occupancy Variability	X	X	5,148

4.7 Analysis Showing How the Cost of Procuring Energy Efficiency Compares to Prevailing Cost of Supply

Section 5/16-111.5B (a)(3)(E) provides that the utility's assessment should include "analysis of how the cost of procuring additional cost-effective energy efficiency measures compares over the life of the measures to the prevailing cost of comparable supply."

In accordance with these provisions, the following chart provides a comparison between the costs of procuring the additional cost-effective energy efficiency programs (using the

[20]Refer to Appendix 9 for detailed analyses.

estimated useful life of the measures) to the prevailing cost of comparable supply. In all except two programs, the bids included estimated costs that were less than the prevailing cost of supply. Stated another way, for two programs, it would cost the consumer more dollars per MWh to procure electricity through energy efficiency than it would to procure a MWh of electricity through the purchase of supply.

Table 4:
Program Assessment Results: Cost of Supply Update

Sector	Program	Program Cost < Cost of Supply	UCT > 1	TRC > 1	Estimated Net MWh at Meter
RES	CLEAResult - Community-Based CFL Distribution	X	X	X	8,402
RES	Opower - Electric Only Behavior Mod 50k Participants		X	X	7,780
C&I	360 Energy - Public HVAC Optimization	X	X	X	6,926
C&I	360 Energy - Private HVAC Optimization	X	X	X	6,926
C&I	GDS - Small Commercial Lit Signage	X	X	X	8,480
C&I	GDS - Agricultural EE		X	X	851
C&I	Nexant - HVAC Check-Up	X	X	X	5,349
C&I	Matrix - LED Linear Lighting for Small Facilities	X	X	X	13,281
C&I	Matrix - Demand Based Ventilation Fan Control for Facilities w/ High Occupancy Variability	X	X	X	5,148

4.8 Impact on Procurement and Estimated Savings Goals (in MWh) of the Programs that Ameren Illinois Recommends to Be Approved By the Commission

Section 5/16-111.5B (a)(3)(F) provides that the utility's assessment should include an "energy savings goal, expressed in megawatt-hours, for the year in which the measures will be implemented."

Should the IPA include the nine, non-duplicative, cost-effective programs in its Plan, the total estimated savings goal would be 63,143 MWh. However, after due consideration of the factors set forth in Section 5/16-111.5B(a)(3), including the estimated cost of

procuring energy efficiency versus procuring additional supply, it is Ameren Illinois' assessment that only seven programs should be approved for inclusion in the PY9 IPA Procurement Plan. Considering the significant increase in costs to customers, the Commission should not approve the Opower – Electric Only Behavior Mod 50k Participants or the GDS – Agricultural EE program because the estimated costs of such programs are not less than the prevailing cost of supply. Such exclusion would recognize the practical impact of the increasing costs of energy efficiency programs procured through the IPA, would mitigate the growing impact on customers of procuring energy efficiency pursuant to Section 5/16-111.5B and would result in a robust but fair procurement of programs (representing approximately 82% increase in energy efficiency spending over the last four years) in a manner consistent with the Act's requirements.

Accordingly, the following summary table identifies the seven programs that, in AIC's assessment, should be included in the PY9 IPA Procurement Plan, and which: (1) resulted from the RFP and bid review process, (2) were not duplicative or competing programs with current or planned Section 8-103 or Section 16-111.5B programs to be implemented in PY9; (3) passed the TRC test; (4) passed the UCT test; and (5) had program costs that are estimated to be less than the prevailing cost of supply. The estimated MWh savings goal associated with each program is also provided.

Table 5: Program Assessment Results:

TRC>1, Not Competitive within PY9/2016 IPA Bids and Program Costs < Cost of Supply

Sector	Program	Program Cost < Cost of Supply	UCT > 1	TRC > 1	Total Utility Costs	Estimated Gross MWh Savings at Busbar	Estimated Net MWh Savings at Busbar	Estimated Gross MWh Savings at Meter	Estimated Net MWh Savings at Meter
RES	CLEAResult - Community-Based CFL Distribution	X	X	X	$ 1,178,428	13,126	9,330	11,819	8,402
C&I	360 Energy - Public HVAC Optimization	X	X	X	$ 1,135,800	8,642	7,692	7,782	6,926
C&I	360 Energy - Private HVAC Optimization	X	X	X	$ 1,135,800	8,642	7,692	7,782	6,926
C&I	GDS - Small Commercial Lit Signage	X	X	X	$ 2,271,599	10,581	9,417	9,528	8,480
C&I	Nexant - HVAC Check-Up	X	X	X	$ 1,160,182	5,940	5,940	5,349	5,349
C&I	Matrix - LED Linear Lighting for Small Facilities	X	X	X	$ 3,168,882	16,572	14,750	14,923	13,281
C&I	Matrix - Demand Based Ventilation Fan Control for Facilities w/ High Occupancy Variability	X	X	X	$ 1,227,357	6,424	5,717	5,785	5,148
TOTALS for Programs with Costs < Cost of Supply					**$ 11,278,048**	**69,928**	**60,538**	**62,967**	**54,512**
RES	Opower - Electric Only Behavior Mod 50k Participants		X	X	$ 373,920	8,640	8,640	7,780	7,780
C&I	GDS - Agricultural EE		X	X	$ 380,615	1,576	945	1,419	851
Totals for Programs with Costs > Cost of Supply					$ 754,535	10,216	9,586	9,199	8,631
Totals for Programs Regardless of Cost of Supply					$ 12,032,582	80,144	70,124	72,166	63,143

Finally, as set forth in Table 6 below, the estimated eligible retail customer savings is 20,164 MWh.[21] This is based on the switching data related to the forecast supplied in the other portion of this submission.

Table 6:

Savings Attributable To Eligible Retail Customers

	Before Switching MWh			Forecasted Switching		After Switching (Load Served by AIC: BGS) MWh		
	DS1 EE at Meter	DS2 EE at Meter	Total	DS1 Eligible Retail	DS2 Eligible Retail	DS1 EE at Meter	DS2 EE at Meter	Total
Jun-16	700	3,843	4,543	41.66%	36.14%	292	1,389	1,680
Jul-16	700	3,843	4,543	41.66%	36.14%	292	1,389	1,680
Aug-16	700	3,843	4,543	41.66%	36.14%	292	1,389	1,680
Sep-16	700	3,843	4,543	41.66%	36.14%	292	1,389	1,680
Oct-16	700	3,843	4,543	41.66%	36.14%	292	1,389	1,680
Nov-16	700	3,843	4,543	41.66%	36.14%	292	1,389	1,680
Dec-16	700	3,843	4,543	41.66%	36.14%	292	1,389	1,680
Jan-17	700	3,843	4,543	41.66%	36.14%	292	1,389	1,680
Feb-17	700	3,843	4,543	41.66%	36.14%	292	1,389	1,680
Mar-17	700	3,843	4,543	41.66%	36.14%	292	1,389	1,680
Apr-17	700	3,843	4,543	41.66%	36.14%	292	1,389	1,680
May-17	700	3,843	4,543	41.66%	36.14%	292	1,389	1,680
Total	8,402	46,110	54,512			3,500	16,664	20,164

[21] In order to determine an estimate of the IPA's reduction in procuring supply, the savings estimates must exclude those who are not eligible retail customers.

5.0 Cost Recovery and Estimated Budget

Section 5/16-111.5B (a)(6) provides that "an electric utility shall recover its costs incurred under this Section related to the implementation of energy efficiency programs and measures approved by the Commission in its order approving the procurement plan under Section 16-111.5 of this Act, including, but not limited to, all costs associated with complying with this Section and all start-up and administrative costs and the costs for any evaluation, measurement, and verification of the measures, from all retail customers whose electric service has not been declared competitive under Section 16-113 of this Act and who are eligible to purchase power and energy from the utility under fixed-price bundled service tariffs, regardless of whether such customers actually do purchase such power and energy from the utility through the automatic adjustment clause tariff established pursuant to Section 8-103 of this Act, provided, however, that the limitations described in subsection (d) of that Section shall not apply to the costs incurred pursuant to this Section or Section 16-111.7 of this Act."

In accordance with the above, Rider EDR has been and will continue to be used to recover all reasonable and prudent expenses incurred in connection with any energy efficiency programs approved for inclusion in the IPA PY9 Procurement Plan.

AIC notes that the Company retains independent evaluators for the evaluation of its Section 8-103 energy efficiency portfolio and, to maintain evaluation consistency and as in accordance with the consensus at the 2013 and 2014 Workshop, also plans on retaining the same evaluators for the evaluation of Section 16-111.5B programs.

6.0 Submittal Summary

In Summary, the Commission and the IPA are currently presented with the reality that the IPA's procurement of energy efficiency continues to grow at a striking rate for a variety of reasons. Several facts provided within this submittal should give the IPA and the Commission reason to critically analyze whether and how much energy efficiency should be procured through the PY9 IPA Procurement Plan. Notably, it should be recalled that the Commission previously approved $38 million in spending on energy efficiency programs as part of the PY8 IPA Procurement Plan's two-year energy

efficiency programs. After applying all appropriate and necessary statutory tests, AIC's assessment identifies seven programs for inclusion in the PY9 IPA Procurement Plan with a total cost of an additional $11.2 million for PY9. When those programs are considered together, the result is a total cost of $49 million of energy efficiency to be procured by the IPA in PY9.

Additionally, for PY9, if these seven programs are included in the IPA Procurement Plan, the annual cost of electric energy efficiency procurement (under both Section 5/8-103 and Section 5/16-111.5B) will rise to approximately $55 for DS-1 (residential) customers and $175 for DS-2 (residential) customers, over half of which will be attributable to energy efficiency procured as part of the IPA Procurement Plan. Through its statutorily required assessment, AIC presents an objective evaluation of the programs proposed to be included in the IPA Procurement Plan. The Commission and IPA play an important role in determining the price Ameren Illinois' electric customers will pay for the procurement of electric energy efficiency. The seven programs recommended for inclusion present already a significant cost to be borne by AIC customers and the IPA and Commission should take that into consideration. The IPA and Commission should not increase the energy efficiency to be procured in the AIC service area above this recommendation, which is supported by and in full compliance with the relevant provisions of the Public Utilities Act.

Appendix 1: Section 16-111.5B

(220 ILCS 5/16-111.5B)

Sec. 16-111.5B. Provisions relating to energy efficiency procurement.

(a) Beginning in 2012, procurement plans prepared pursuant to Section 16-111.5 of this Act shall be subject to the following additional requirements:

(1) The analysis included pursuant to paragraph (2)of subsection (b)of Section 16-111.5 shall also include the impact of energy efficiency building codes or appliance standards, both current and projected.

(2) The procurement plan components described in subsection (b) of Section 16-111.5 shall also include an assessment of opportunities to expand the programs promoting energy efficiency measures that have been offered under plans approved pursuant to Section 8-103 of this Act or to implement additional cost-effective energy efficiency programs or measures.

(3) In addition to the information provided pursuant to paragraph (1) of subsection (d) of Section 16-111.5 of this Act, each Illinois utility procuring power pursuant to that Section shall annually provide to the Illinois Power Agency by July 15 of each year, or such other date as may be required by the Commission or Agency, an assessment of cost-effective energy efficiency programs or measures that could be included in the procurement plan. The assessment shall include the following:

(A) A comprehensive energy efficiency potential study for the utility's service territory that was completed within the past 3 years.

(B) Beginning in 2014, the most recent analysis submitted pursuant to Section 8-103A of this Act and approved by the Commission under subsection (f) of Section 8-103 of this Act.

(C) Identification of new or expanded cost-effective energy efficiency programs or measures that are incremental to those included in energy efficiency and demand-response plans approved by the Commission pursuant to Section 8-103 of this Act and that would be offered to all retail customers whose electric service has not been declared competitive under Section 16-113 of this Act and who are eligible to purchase power and energy from the utility under fixed-price bundled service tariffs, regardless of whether such customers actually do purchase such power and energy from the utility.

(D) Analysis showing that the new or expanded cost-effective energy efficiency programs or measures would lead to a reduction in the overall cost of electric service.

(E) Analysis of how the cost of procuring additional cost-effective energy efficiency measures compares over the life of the measures to the prevailing cost of comparable supply.

(F) An energy savings goal, expressed in megawatt-hours, for the year in which the measures will be implemented.

(G) For each expanded or new program, the estimated amount that the program may reduce the agency's need to procure supply.

In preparing such assessments, a utility shall conduct an annual solicitation process for purposes of requesting proposals from third-party vendors, the results of which shall be provided to the Agency as

part of the assessment, including documentation of all bids received. The utility shall develop requests for proposals consistent with the manner in which it develops requests for proposals under plans approved pursuant to Section 8-103 of this Act, which considers input from the Agency and interested stakeholders.

(4) The Illinois Power Agency shall include in the procurement plan prepared pursuant to paragraph (2) of subsection (d) of Section 16-111.5 of this Act energy efficiency programs and measures it determines are cost-effective and the associated annual energy savings goal included in the annual solicitation process and assessment submitted pursuant to paragraph (3) of this subsection (a).

(5) Pursuant to paragraph (4) of subsection (d) of Section 16-111.5 of this Act, the Commission shall also approve the energy efficiency programs and measures included in the procurement plan, including the annual energy savings goal, 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 this Act.

In the event the Commission approves the procurement of additional energy efficiency, it shall reduce the amount of power to be procured under the procurement plan to reflect the additional energy efficiency and shall direct the utility to undertake the procurement of such energy efficiency, which shall not be subject to the requirements of subsection (e) of Section 16-111.5 of this Act. The utility shall consider input from the Agency and interested stakeholders on the procurement and administration process.

(6) An electric utility shall recover its costs incurred under this Section related to the implementation of energy efficiency programs and measures approved by the Commission in its order approving the procurement plan under Section 16-111.5 of this Act, including, but not limited to, all costs associated with complying with this Section and all start-up and administrative costs and the costs for any evaluation, measurement, and verification of the measures, from all retail customers whose electric service has not been declared competitive under Section 16-113 of this Act and who are eligible to purchase power and energy from the utility under fixed-price bundled service tariffs, regardless of whether such customers actually do purchase such power and energy from the utility through the automatic adjustment clause tariff established pursuant to Section 8-103 of this Act, provided, however, that the limitations described in subsection (d) of that Section shall not apply to the costs incurred pursuant to this Section or Section 16-111.7 of this Act.

(b) For purposes of this Section, the term "energy efficiency" shall have the meaning set forth in Section 1-10 of the Illinois Power Agency Act, and the term "cost-effective" shall have the meaning set forth in subsection (a) of Section 8-103 of this Act.

(Source: P.A. 97-616, eff. 10-26-11; 97-824, eff. 7-18-12.)

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Staff Report

Summary of 2014 Section 16-111.5B Energy Efficiency Workshops Required by ICC Order Docket No. 13-0546

July 9, 2014

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Staff Report: Summary of 2014 Section 16-111.5B EE Workshops

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ATTACHMENTS

Disclaimer

The Illinois Commerce Commission's ("ICC" or "Commission") December 18, 2013 Final Order in ICC Docket No. 13-0546 directed ICC Staff ("Staff") and any interested parties to conduct workshops to address certain outstanding Section 16-111.5B energy efficiency ("EE") issues. The Commission requested parties to report to the Commission in the next available Illinois Power Agency ("IPA") procurement plan proceeding on the results of the workshop.

This report conveys Staff's summary of the results of the workshops and the consensus positions reached through the 2014 Section 16-111.5B EE workshops. The summaries contained herein are solely those of Staff and are based on discussion during the workshops, comments received from interested parties, and language previously summarized in ICC Staff Memos distributed during the workshop process. All errors and omissions can only be attributed to the author. In contrast, the consensus documents attached to this Staff Report were developed and edited with input from all interested parties through the workshop process. The language contained in the consensus document Attachment A to this Staff Report is not intended to capture interested parties' preferred positions on every issue, rather it is intended to capture interested parties' acceptable positions at the time of the workshops such that consensus could be reached on certain important outstanding issues that need to be resolved in order to provide greater certainty to all parties involved with the Section 16-111.5B EE programs.

The June 18, 2014 Consensus Language for the Section 16-111.5B Oversight and Evaluation Responsibility EE Issues ("June 18, 2014 Consensus Language"), attached hereto as Attachment A, was circulated to the Illinois Energy Efficiency Stakeholder Advisory Group ("SAG") e-mail distribution list and posted on the Commission's website with a request for any interested party to submit objections if a party disagreed with the drafted consensus language representing the consensus view from the 2014 Section 16-111.5B EE workshops. During the workshop process, interested parties were urged to review drafted consensus language with their respective leadership and counsel on more than one occasion to make certain that the final consensus language represented the consensus view from the workshops. It was specified that failure of parties to submit objections by June 25, 2014 will be interpreted by Staff as confirmation that the June 18, 2014 Consensus Language indeed reflects the consensus of all interested parties, and it was further noted that ICC Staff may represent it as such when summarizing the outcome of the 2014 Section 16-111.5B EE workshops. No objections were received by July 25, 2014 on the June 18, 2014 Consensus Language for Section 16-111.5B Oversight and Evaluation Responsibility EE Issues. Although not specifically requested, Staff received one comment in support of the June 18, 2014 Consensus Language document as written, but the party also noted that they reserve all of their legal rights to seek further clarification and resolution of language and/or issues contained therein in the future. Finally, parties reserved the right to change, alter, or modify without prejudice their position in respect to any issue contained in their written comments, presented during the workshop process, and/or the consensus language resulting from the workshop process.

Acknowledgements

ICC Staff thanks all the workshop participants, including representatives from: 360 Energy Group (on behalf of DCEO, formally SEDAC); Ameren Illinois Company ("Ameren"); the Cadmus Group; the Citizens Utility Board ("CUB"); the City of Chicago; the Coalition to Request Equitable Allocation of Costs Together ("REACT"); Commonwealth Edison Company ("ComEd"); Conservation Services Group ("CSG"); Elevate Energy; Energy Futures Group (on behalf of NRDC); Energy Resources Center ("ERC")/University of Illinois at Chicago (on behalf of DCEO); Enernoc; Future Energy Enterprises (on behalf of the SAG facilitator); the Illinois Attorney General's Office ("AG"); the Illinois Department of Commerce and Economic Opportunity ("DCEO"); the Illinois Industrial Energy Consumers ("IIEC"); the Illinois Power Agency ("IPA"); Lockheed Martin Energy Solutions; MC Squared; the Midwest Energy Efficiency Alliance ("MEEA"); the Natural Resources Defense Council ("NRDC"); Navigant Consulting ("Navigant"); Opinion Dynamics Corporation ("ODC"); Optimal Energy (on behalf of the AG);; the University of Chicago Law School (on behalf of NRDC); Verde Energy; and Vermont Energy Investment Corporation ("VEIC") (on behalf of the IL-TRM Administrator). Please note that the listing of an entity here indicates that a representative from that entity attended some portion of at least one of the eight 2014 Section 16-111.5B EE workshops. The listing of a specific entity here should not be interpreted to mean that the entity necessarily supports all of the consensus positions attached to this report.

Web Access

This report along with certain other materials[1] related to the Section 16-111.5B EE Workshops can be found in electronic form by using the following link to the Commission's website: http://www.icc.illinois.gov/electricity/EnergyEfficiencyWorkshops161115B.aspx

[1] At the May 28, 2014 workshop, parties agreed that informal comments and draft consensus language (as opposed to finalized consensus language) should not be posted on the Commission's website, but that instead the documents should be circulated through the SAG e-mail distribution list.

Executive Summary

The Illinois Commerce Commission's ("ICC" or "Commission") December 18, 2013 Final Order in ICC Docket No. 13-0546 ("2014 Procurement Order") directed ICC Staff and any interested parties to conduct workshops, as needed, to address certain outstanding Section 16-111.5B energy efficiency ("EE") issues.[2] Specifically, the 2014 Procurement Order outlined the following general topics to address for the Section 16-111.5B EE programs: (a) Oversight and Evaluation Responsibility, (b) Potential Studies, and (c) Request for Proposal ("RFP") Process including the Illinois Department of Commerce and Economic Opportunity's ("DCEO") barriers to participating in the third-party RFP Process. The Commission also requested parties to report to the Commission in the next available Illinois Power Agency ("IPA") procurement plan proceeding on the results of the workshop.[3]

Eight Section 16-111.5B EE Workshops were held via teleconference in 2014: (a) four Oversight and Evaluation Responsibility Workshops; (b) two Potential Studies Workshops; and (c) two RFP Process and DCEO Participation Workshops. Not every issue raised by parties was resolved through the Section 16-111.5B EE Workshop process. Certain issues raised by parties were considered broader in scope than the Section 16-111.5B EE Workshops because the issues have implications unrelated to power procurement (i.e., they have implications for gas utilities administering EE programs in Illinois); therefore, parties determined that these broader issues should be addressed through future Illinois Energy Efficiency Stakeholder Advisory Group ("SAG") meetings, where both gas and electric program administrators might attend. Finally, Staff notes that the outcome of the workshop process includes a number of consensus statements concerning Section 16-111.5B EE issues where parties participating in the workshops reached consensus (i.e., no party opposed the statement).

Below is a brief summary of the results of the workshops as to the Commission directives related to EE in the 2014 Procurement Order. A more detailed summary can be found in the main body of this report. Staff looks forward to answering any questions that the Commission may have about this report.

(a) Oversight and Evaluation Responsibility Workshops.

The 2014 Procurement Order states:

> The AG recommends, if the IPA does not intend to assume an oversight role for energy efficiency programs, then the IPA should request that the Commission enter an Order that makes clear that the utilities will assume responsibility for the evaluation and successful delivery of these programs, consistent with, to the extent practicable, the evaluation practices followed under Section 8-103 of the PUA… [T]he

[2] Ill. Power Agency, ICC Order Docket No. 13-0546, 144-149 (Dec. 18, 2013) ("2014 Procurement Order").
[3] Id. at 146.

> Commission… directs interested parties to address this issue at the workshops discussed above.

2014 Procurement Order at 149.

Outcome of the Oversight and Evaluation Responsibility Workshops: Significant progress was made through the workshops on the Oversight and Evaluation Responsibility front. Please refer to the June 18, 2014 Consensus Language for Section 16-111.5B Oversight and Evaluation Responsibility Energy Efficiency Issues ("June 18, 2014 Consensus Language"), attached hereto as Attachment A, for the consensus reached through the workshops. In many cases the consensus reached through the workshops on evaluation policies for the Section 16-111.5B EE programs mirrors the existing Commission-approved evaluation policies for the Section 8-103 EE programs. With respect to the oversight issue for the Section 16-111.5B EE programs raised in the 2014 Procurement Order, consensus was reached that the utilities have primary responsibility for prudently administering the contracts with the vendors approved by the Commission for the Section 16-111.5B energy efficiency programs. As reflected in Attachment A to this report, parties reached consensus with respect to the following issues: (1) Deeming and Evaluation for Future Section 16-111.5B EE Programs; (2) Deeming and Evaluation for Previously Approved Section 16-111.5B EE Programs, Program Year ("PY") 6 and PY7; (3) Responsible Entity; (4) Policy or Clarity on Status of Bid Accepted into IPA Procurement Plan and Approved by the Commission and Flexibility; (5) Continuity for Multi-Year EE Programs; and (6) Evaluation Budget and Process Evaluations. The Oversight and Evaluation Responsibility outstanding issues have been thoroughly addressed by interested parties through the workshops[4] and a Commission decision in the next IPA procurement plan proceeding on the issues set forth in the July 18, 2014 Consensus Language document would provide greater certainty to all parties involved with the Section 16-111.5B EE programs.

(b) Potential Studies Workshops.

The 2014 Procurement Order states:

> [T]he Commission directs Staff to work with CUB, the AG, and any other interested parties to conduct workshops, as needed, to determine what improvements, if any, can be incorporated into the potential studies, [and] the timing of any filings related thereto...

2014 Procurement Order at 147.

Outcome of the Potential Studies Workshops: For timing of potential study completion issue, consensus was reached early in the workshop process that the potential studies

[4] A number of these issues were also addressed through workshops held in 2013. ***See*** ICC Staff Report Summary of the 2013 Section 16-111.5B EE Workshops.

should be completed approximately 6-8 months (January-March 2016) before the next Section 8-103 EE plan filings (September 2016).

The parties also reached consensus regarding general language that could be incorporated into a larger scope of work for a potential study related to the economically efficient potential issue raised by Staff in the last procurement plan proceeding, ICC Docket No. 13-0546.[5] The consensus language for the marginal economic potential study scope, attached to this report as Attachment B, is designed to clarify the limited scope of such analysis and help ensure the costs of such analysis would be reasonable.

(c) RFP Process and DCEO Participation.

The 2014 Procurement Order states:

> [T]he Commission directs Staff to work with CUB, the AG, and any other interested parties to conduct workshops, as needed, to determine what improvements, if any, can be incorporated into… the RFP process.

2014 Procurement Order at 147. The Order also states:

> Thus, the Commission directs that a workshop should be held to address the barriers to DCEO's participation through the third-party RFP process... Although the Commission cannot mandate that DCEO take part in this workshop, in the interest of including energy efficiency programs to address the needs of low income customers in the IPA's future procurement plans, it would encourage DCEO's participation. The Commission urges the parties to hold any workshops in the timeliest manner practicable and to report to the Commission in the next available IPA procurement proceeding on the results of the workshop. Alternatively, the Commission welcomes DCEO's participation in a formal docketed proceeding or in informal discussions about these barriers, if DCEO considers that to be a more fitting way to address the issue.

2014 Procurement Order at 145-146.

Outcome of RFP Process and DCEO Participation Workshops: In terms of improvements to the third-party RFP Process, the utilities agreed to consider including illustrative examples of EE programs that could be considered "duplicative" versus "competing" in future RFPs in order to provide greater clarity to bidders regarding the types of EE programs that would be considered "duplicative" versus "competing" as those terms are defined in the 2014 Procurement Order.

DCEO produced a memorandum addressing interested parties' questions related to DCEO's barriers to participating in the Section 16-111.5B EE procurement process. In summary, the barriers to DCEO's participation in the Section 16-111.5B EE procurement

[5] The Consensus Marginal Economic Potential Study Scope (June 11, 2014) may be accessed via the following link: http://www.icc.illinois.gov/downloads/public/Consensus%20Marginal%20Economic%20Potential%20Study%20Scope%206-11-14.pdf The exact language of the marginal economic potential study scope may change based in part on future review by the utilities' legal counsel.

process include the following: Performance Contracting and Funding; Lack of Additional Gas Funding for Low-Income Projects; Total Resource Cost ("TRC") Test; Public Sector Eligibility for Section 16-111.5B EE Programs; and Legal Issues. Additional detail can be found in the Summary of the Results of the 2014 Section 16-111.5B EE Workshops section of this report and the June 17, 2014 memorandum from DCEO.

Staff Report
Summary of 2014 Section 16-111.5B Energy Efficiency Workshops Required by the Commission's Order in ICC Docket No. 13-0546

I. Introduction

The Illinois Commerce Commission's ("ICC" or "Commission") December 18, 2013 Final Order in ICC Docket No. 13-0546[6] ("2014 Procurement Order") directed ICC Staff ("Staff") and any interested parties to conduct workshops, as needed, to address certain outstanding Section 16-111.5B energy efficiency ("EE") issues. The Commission requested parties to report to the Commission in the next available Illinois Power Agency ("IPA") procurement plan proceeding on the results of the workshop. This report conveys Staff's summary of the results of the 2014 Section 16-111.5B EE Workshops. The Oversight and Evaluation Responsibility outstanding issues have been thoroughly addressed by interested parties through the workshops[7] and Commission resolution of these issues in the next IPA procurement plan proceeding would provide greater certainty to all parties involved with the Section 16-111.5B EE programs.

II. Background

On September 30, 2013, pursuant to the Illinois Power Agency Act ("IPA Act"), 20 ILCS 3855/1-1, ***et seq.***, and the Illinois Public Utilities Act ("PUA"), 220 ILCS 5/1-101, ***et seq.***, the IPA filed a petition with the Commission requesting approval of the 2014 Procurement Plan, ICC Docket No. 13-0546. Section 16-111.5B of the PUA outlines the provisions related to EE procurement and the specific requirements for the consideration of cost-effective EE in the power and energy procurement plan. Section 16-111.5B of the PUA requires the IPA to consider the utilities' annual assessment of cost-effective EE programs or measures that are incremental to those included in the Commission-approved Section 8-103 EE and demand-response plans that could be included in the procurement plan. Section 16-111.5B(a)(4) of the PUA directs the IPA to include in the procurement plan beginning in 2012, EE "programs and measures it determines are cost-effective and the associated annual energy savings goal included in the annual solicitation process [(i.e., third-party Request for Proposals ("RFP") Process)] and assessment submitted pursuant to" Section 16-111.5B(a)(3) of the PUA. As noted above, the Commission's 2014 Procurement Order directed ICC Staff and any interested parties to conduct workshops, as needed, to address certain outstanding Section 16-111.5B EE issues.

[6] Ill. Power Agency, ICC Order Docket No. 13-0546, 144-149 (Dec. 18, 2013) ("2014 Procurement Order").
[7] A number of these issues were also addressed through workshops held in 2013. ***See*** ICC Staff Report Summary of the 2013 Section 16-111.5B EE Workshops.

III. Overview of the Workshops

The 2014 Procurement Order outlined the following general topics to address through workshops for the Section 16-111.5B EE programs: (a) Oversight and Evaluation Responsibility, (b) Potential Studies, and (c) RFP Process including the Illinois Department of Commerce and Economic Opportunity's ("DCEO") barriers to participating in the third-party RFP Process. On March 27, 2014, Staff requested input from interested parties regarding the questions to have addressed through workshops for each of these general topics outlined in the 2014 Procurement Order. Staff also noted that if there are other Section 16-111.5B EE questions and issues that parties believe need to be addressed through workshops that do not pertain to those three issues, parties should send those questions along with an explanation of the importance of addressing the issue this year through workshops. The questions received in response to that request and comments received in response to those questions both formed the basis of the initial discussions at the 2014 Section 16-111.5B EE workshops. The stakeholder-proposed questions addressed through the workshops are set forth below by topic.

A. Oversight and Evaluation Responsibility Questions

1. What kind of oversight mechanisms are in place currently for Section 16-111.5B energy efficiency ("EE") programs?

2. How do the utilities monitor the day-to-day operations of Section 16-111.5B EE programs?

3. Who should assume responsibility for the successful delivery of Section 16-111.5B EE programs?

4. Who should assume responsibility for ensuring the Section 16-111.5B EE programs are presenting accurate information to customers?

5. What steps, if any, need to be taken to ensure that Section 16-111.5B EE programs are delivering the energy savings promised in a cost-effective manner?

6. Who should assume responsibility for the evaluation of Section 16-111.5B EE programs?

7. How are the Section 16-111.5B EE programs evaluated currently? To what extent do existing evaluation practices mirror evaluation practices conducted for Section 8-103 EE programs?

    7.1. Do the utilities direct/oversee evaluation of all EE programs offered through Section 16-111.5B?

    7.2. Are net-to-gross ("NTG") assessments made that mirror the NTG evaluation practices conducted for Section 8-103 EE programs?

7.3. How is the current Illinois Statewide Technical Reference Manual ("IL-TRM") used in the evaluation of Section 16-111.5B EE programs?

8. What level of certainty can/should be provided to third parties submitting proposals for consideration under the Illinois Power Agency ("IPA") procurement process (e.g., prospective NTG, application of the IL-TRM values)?

   8.1. Should the evaluation of Section 16-111.5B EE programs use the IL-TRM, and if so, should it be used in the same manner that it is used to evaluate EE programs under Section 8-103?

   8.2. Should the evaluation of Section 16-111.5B EE programs parallel the evaluation of similar EE programs under the Section 8-103 (EEPS) portfolio and, if there are consistent differences, what will those differences be?

9. How can better continuity be provided for multi-year EE project pipelines and program participation while maintaining annual budget limits?

10. To what extent should approved multi-year Section 16-111.5B EE programs be allowed to maximize annual spending and carry leftover (positive or negative) kWh savings to the following program year?

B. Potential Studies Questions

1. How can the timing of EE potential study completion be addressed to provide parties with useful data while ensuring that the same data is not stale by the time the 3-year EEPS Plan is filed?

2. Are all of the benefits and costs of efficiency being captured in total resource cost ("TRC") cost-effectiveness screening? Which are missing, if any, and how might they be included?

3. How can the concept of "economically efficient potential"[8] be handled in the utilities' EE potential studies?

   3.1. What levels of granularity of the analysis and comprehensiveness are appropriate? Should the parameters of the study include all EE measures or EE measures that make up a certain percentage of usage? What kind of breakdown within the EE measure should be looked at?

   3.2. What metric is appropriate (marginal TRC, marginal utility cost test/program administrator cost test, etc.)?

   3.3. How would this result be used, and how does it square with existing statutory requirements for either Section 8-103 (EEPS) or Section 16-111.5B (IPA)?

[8] Please see pages 19-24 of Staff Exhibit 2.0 filed in ICC Docket No. 13-0495 for a discussion of "economically efficient potential." (ICC Docket No. 13-0495, Staff Ex. 2.0, 19-24.)

C. Request for Proposal Process and DCEO Participation Questions

1. What process changes, if any, would make the TRC calculation process more transparent for bidders without slowing the RFP process?

2. What process changes, if any, could help catch inadvertent errors in the TRC calculations quickly?

3. What is the appropriate balance between 100% pure performance based compensation for contractors (i.e., all of the contractor's payment is conditioned on delivery of energy savings and thus a risk premium may be incorporated into price bid) and maximizing the attractiveness of bidding to maximize the acquisition of cost-effective savings?

4. What barriers or bidding difficulties have prevented the Illinois Department of Commerce and Economic Opportunity ("DCEO") from participating in the annual third-party RFP process conducted pursuant to Section 16-111.5B of the Illinois Public Utilities Act? How could/should they be addressed? How can DCEO participation in the Section 16-111.5B EE process be facilitated? Is there anything about the competitive procurement process that could be modified to facilitate DCEO's participation?

5. Could expansion of existing DCEO Section 8-103 EE programs, which are funded by the utilities and referenced in their Section 8-103 EE Plans, be another path for DCEO participation (i.e., treating expansion of the DCEO Section 8-103 EE programs in the same way that expansion of existing utility Section 8-103 EE programs are treated) in the Section 16-111.5B EE process?

6. What are the barriers, if any, to DCEO and the utilities jointly or severally administering a new EE program proposed pursuant to Section 16-111.5B that targets in whole or in part customers that are eligible for DCEO Section 8-103 EE programs? How could/should they be addressed?

7. If a utility receives a bid through the Section 16-111.5B process that in whole or in part targets customers potentially eligible for DCEO Section 8-103 EE programs, would DCEO's participation in the Procurement Plan approval docket be sufficient to ensure that the EE program is not "duplicative" or "competing," as defined in the Commission's Final Order in ICC Docket No. 13-0546?[9]

[9] The 2014 Procurement Order states: "It appears to the Commission that the existing practices with respect to duplicative and competing programs are working effectively. The Commission believes the description in the IPA's Reply of how duplicative and competing programs should be handled is reasonable and directs the parties to present proposals in compliance with that procedure. (See IPA Reply at 10-11) The Commission notes that much of what the IPA, the utilities, the AG, and CUB recommended appear to memorialize current practice. However, the Commission agrees with the IPA that formal standards for "duplicative" and "competitive" would help both stakeholders and potential bidders, and thus adopts the IPA's recommended definitions." 2014 Procurement Order at 149. The IPA's Reply to Responses to Objections cited in the 2014 Procurement Order states: "The IPA proposes that the Commission approve the following procedure for dealing with duplicative or competitive programs, which was followed in the development of this Procurement Plan:
• The utilities receive and review the third party RFP results, and determine which bids are, in the utility's estimation, duplicative or competing. The utilities are under no obligation to identify any programs in this manner.
• In the annual July 15 assessment submitted to the IPA, the utility may exclude programs it has determined are duplicative or competing from the estimated savings calculation (and associated adjustments to the load forecast). However, in their submittals to the IPA, the utilities

8. How can clearer guidance be provided to prospective bidders on what is considered a competing and/or duplicative EE program?

IV. Facilitated Collaborative Process

Consistent with the workshop process for the 2013 Section 16-111.5B EE Workshops, the workshop process for the 2014 Section 16-111.5B EE Workshops was largely driven by stakeholder feedback. Opportunities were provided to all interested parties to comment regularly. Staff coordinated with interested parties to ensure that the dates and times set for the workshops would enable the greatest participation by parties that expressed an interest in the subject matter. The workshops were a success. Parties exchanged lengthy dialogue and reached consensus on a number of important issues. Not every issue raised by parties was resolved through the Section 16-111.5B EE Workshop process. Certain issues raised by parties were considered broader in scope than the Section 16-111.5B EE Workshops because the issues have implications unrelated to power procurement (i.e., they have implications for gas utilities administering EE programs in Illinois); therefore, parties determined that these broader issues should be addressed through future Illinois Energy Efficiency Stakeholder Advisory Group ("SAG") meetings, where both gas and electric EE program administrators would be in attendance. Below is a timeline of events for the 2014 Section 16-111.5B EE Workshops.

Timeline for the 2014 Section 16-111.5B EE Workshops

Date	Subject	Type	Workshop Topic
3/27/2014	Request for Questions to Address through Section 16-111.5B Energy Efficiency Workshops Required by the Illinois Commerce Commission's Final Order in ICC Docket No. 13-0546. Questions due April 2, 2014.	ICC Staff Memo	All
4/1/2014	ComEd submitted Questions	Stakeholder Input	Oversight and Evaluation Responsibility; Potential Studies
4/2/2014	ComEd, Elevate Energy, and NRDC submitted Questions	Stakeholder Input	All
4/3/2014	IPA submitted Questions	Stakeholder Input	RFP Process and DCEO Participation

must: (1) describe the duplicative or competing program; (2) explain why the utility believes it is competing or duplicative; and (3) provide the IPA with all of the underlying documents as it would for any other bid.
• The IPA will independently review all of the bids submitted by the utilities and determine which the IPA believes are duplicative or competing. The IPA will identify all programs to the Commission in its Procurement Plan filing, along with a recommendation that some programs should be discarded as duplicative or competing.
• The parties to the Procurement Plan approval litigation—including the IPA—may opine on whether a particular program is duplicative or competing, and the Commission will make the final determination. To the extent that a utility had previously determined that a program is duplicative or competing but the Commission disagrees, the utility will update the estimated energy savings and load forecast to reflect the readmission of the program."
(ICC Docket No. 13-0546, IPA Reply, 10-11.)

Timeline for the 2014 Section 16-111.5B EE Workshops			
Date	**Subject**	**Type**	**Workshop Topic**
4/4/2014	AG submitted Questions	Stakeholder Input	Oversight and Evaluation Responsibility; RFP Process and DCEO Participation
4/7/2014	Request for Comments on Section 16-111.5B Energy Efficiency Questions to be Addressed in Workshops Required by the Illinois Commerce Commission's Final Order in ICC Docket No. 13-0546. Responses due April 16, 2014.	ICC Staff Memo	All
4/15/2014	Elevate Energy submitted Comments	Stakeholder Input	Oversight and Evaluation Responsibility; RFP Process and DCEO Participation
4/16/2014	ComEd submitted Comments	Stakeholder Input	Oversight and Evaluation Responsibility; Potential Studies
4/22/2014	Notice of May 2014 Section 16-111.5B Energy Efficiency Workshops Required by the Illinois Commerce Commission's Final Order in ICC Docket No. 13-0546.	ICC Staff Memo	All
5/12/2014, 1:00 p.m. - 4:41 p.m.	Oversight and Evaluation Responsibility Workshop #1	Workshop/ Stakeholder Input	Oversight and Evaluation Responsibility
5/14/2014, 1:00 p.m. - 3:52 p.m.	Potential Studies Workshop #1	Workshop/ Stakeholder Input	Potential Studies
5/16/2014	Notice of Comment Period and May 28, 2014 Workshop Regarding Oversight and Evaluation Issues: Informal Comments due by noon on May 22, 2014.	ICC Staff Memo	Oversight and Evaluation Responsibility
5/19/2014, 1:00 p.m. - 3:53 p.m.	RFP Process and DCEO Participation Workshop #1	Workshop/ Stakeholder Input	RFP Process and DCEO Participation
5/22/2014	AG, ComEd, and Elevate Energy submitted Comments	Stakeholder Input	Oversight and Evaluation Responsibility
5/23/2014	CUB submitted Comments	Stakeholder Input	Oversight and Evaluation Responsibility

Timeline for the 2014 Section 16-111.5B EE Workshops			
Date	**Subject**	**Type**	**Workshop Topic**
5/23/2014	ComEd submitted Strawman Scope for Economically Efficient Potential Marginal Analysis Component of Large Potential Study Scope of Work	Stakeholder Input	Potential Studies
5/23/2014	Notice of Comment Period and June 11, 2014 Workshop Regarding Potential Study Issues: Informal Comments due by noon on June 5, 2014.	ICC Staff Memo	Potential Studies
5/28/2014, 10:30 a.m. - 11:45 a.m.	Oversight and Evaluation Responsibility Workshop #2	Workshop/ Stakeholder Input	Oversight and Evaluation Responsibility
6/6/2014	NRDC submitted Comments	Stakeholder Input	Potential Studies
6/9/2014	Notice of Proposed Consensus Language for Discussion at the June 9, 2014 Workshop Regarding Oversight and Evaluation Responsibility Issues.	ICC Staff Memo	Oversight and Evaluation Responsibility
6/9/2014, 1:00 p.m. - 3:02 p.m.	Oversight and Evaluation Responsibility Workshop #3	Workshop/ Stakeholder Input	Oversight and Evaluation Responsibility
6/11/2014	Notice of June 17, 2014 Deadline for Objections to the Proposed Consensus Language Regarding Section 16-111.5B Oversight and Evaluation Responsibility Issues; Notice of June 18, 2014 Workshop.	ICC Staff Memo	Oversight and Evaluation Responsibility
6/11/2014	AG submitted Comments	Stakeholder Input	Potential Studies
6/11/2014, 1:45 p.m. - 2:12 p.m.	Potential Studies Workshop #2	Workshop/ Stakeholder Input	Potential Studies
6/13/2014	ICC Staff submitted Comments	Stakeholder Input	Oversight and Evaluation Responsibility
6/14/2014	Ameren submitted Comments	Stakeholder Input	Oversight and Evaluation Responsibility
6/17/2014	DCEO submitted Comments	Stakeholder Input	RFP Process and DCEO Participation
6/17/2014	ComEd submitted Comments	Stakeholder Input	Oversight and Evaluation Responsibility

Timeline for the 2014 Section 16-111.5B EE Workshops			
Date	**Subject**	**Type**	**Workshop Topic**
6/18/2014, 1:00 p.m. - 3:00 p.m.	Oversight and Evaluation Responsibility Workshop #4	Workshop/ Stakeholder Input	Oversight and Evaluation Responsibility
6/18/2014, 3:00 p.m. - 4:00 p.m.	RFP Process and DCEO Participation Workshop #2	Workshop/ Stakeholder Input	RFP Process and DCEO Participation
6/18/2014	Public Notice of June 25, 2014 Deadline for Objections to the June 18, 2014 Consensus Language for Section 16-111.5B Oversight and Evaluation Responsibility Energy Efficiency Issues.	ICC Staff Memo	Oversight and Evaluation Responsibility
6/25/2014	ComEd submitted Comments	Stakeholder Input	Oversight and Evaluation Responsibility

V. Summary of the Results of the 2014 Section 16-111.5B EE Workshops

Below is Staff's summary of the results of the 2014 Section 16-111.5B EE workshops as to the Commission directives related to EE in the 2014 Procurement Order.

A. Oversight and Evaluation Responsibility Workshops[10]

The 2014 Procurement Order states:

> The AG recommends, if the IPA does not intend to assume an oversight role for energy efficiency programs, then the IPA should request that the Commission enter an Order that makes clear that the utilities will assume responsibility for the evaluation and successful delivery of these programs, consistent with, to the extent practicable, the evaluation practices followed under Section 8-103 of the PUA… [T]he Commission… directs interested parties to address this issue at the workshops discussed above.

2014 Procurement Order at 149.

Significant progress was made on the Oversight and Evaluation Responsibility front. Please refer to the June 18, 2014 Consensus Language for Section 16-111.5B Oversight and Evaluation Responsibility Energy Efficiency Issues ("June 18, 2014 Consensus Language"), attached hereto as Attachment A, for the consensus reached through the workshops. Staff

[10] Oversight and Evaluation Responsibility Workshop #1 (5/12/2014, 1:00 p.m. – 4:41 p.m.); Oversight and Evaluation Responsibility Workshop #2 (5/28/14, 10:30 a.m. – 11:52 a.m.); Oversight and Evaluation Responsibility Workshop #3 (6/9/2014, 1:00 p.m. – 3:02 p.m.); Oversight and Evaluation Responsibility Workshop #4 (6/18/2014, 1:00 p.m. – 3:00 p.m.).

notes that in many cases the consensus reached through the workshops on evaluation policies for the Section 16-111.5B EE programs mirrors the existing Commission-approved evaluation policies for the Section 8-103 EE programs. Having consistent evaluation policies for the Section 8-103 and Section 16-111.5B EE programs, where appropriate, may avoid unnecessary complexities and costs for EE program implementers that administer EE programs under both Sections of the PUA. With respect to the oversight role for the Section 16-111.5B EE programs raised in the 2014 Procurement Order, consensus was reached that the utilities have primary responsibility for prudently administering the contracts with the vendors approved by the Commission for the Section 16-111.5B energy efficiency programs. As reflected in Attachment A to this report, parties reached consensus with respect to the following issues: (1) Deeming and Evaluation for Future Section 16-111.5B EE Programs; (2) Deeming and Evaluation for Previously Approved Section 16-111.5B EE Programs, Program Year ("PY") 6 and PY7; (3) Responsible Entity; (4) Policy or Clarity on Status of Bid Accepted into IPA Procurement Plan and Approved by the Commission and Flexibility; (5) Continuity for Multi-Year EE Programs; and (6) Evaluation Budget and Process Evaluations. A Commission decision in the next IPA procurement plan proceeding on the issues set forth in the July 18, 2014 Consensus Language document (Attachment A) has the potential to reduce future controversy and litigation in the planning, implementation, and evaluation stages of the Section 16-111.5B EE programs. It would also provide greater certainty to potential EE program vendors, which could encourage greater participation in the annual third-party RFP Process conducted by the utilities.

There was one area that underwent a lot of discussion within the Oversight and Evaluation Responsibility Workshops where consensus could not be reached and this concerns the issue of "savings shortfalls." Ignoring the numerous complexities associated with this issue, in short, a "savings shortfall" could potentially occur if contract negotiations with an approved Section 16-111.5B EE program vendor are not successful and thus no contract is executed with that particular vendor for the amount of "savings" approved by the Commission in the procurement plan order.[11] In the event of this "savings shortfall", the non-consensus issue involves whether the utilities should be required to take steps (or whether the utilities are even legally allowed to take steps) to "make-up" such "savings shortfalls" whether this be from other approved Section 16-111.5B EE program vendors or some other method.

[11] Given the current practice is that the utilities update their load forecasts in mid-March of each year, if utility contract negotiations with an approved third-party EE program vendor breakdown after mid-March, such loss of anticipated energy savings from the third-party vendor will not be taken into consideration in the procurement plan. Failure of third-party EE vendors to perform will likely not trigger a contingency event pursuant to Section 16-111.5(e)(5)(ii) of the PUA, and instead will be handled by day-ahead balancing pursuant to Section 16-111.5(e)(5)(iii) (similar to other imbalances, such as oversupply).

B. Potential Studies Workshops[12]

The 2014 Procurement Order states:

> [T]he Commission directs Staff to work with CUB, the AG, and any other interested parties to conduct workshops, as needed, to determine what improvements, if any, can be incorporated into the potential studies, [and] the timing of any filings related thereto...

2014 Procurement Order at 147.

A public teleconference workshop was held May 14, 2014 to review the potential study questions and informal comments submitted by interested parties that pertained to three distinct issues: (1) timing of potential study completion, (2) precision in the estimation of factors impacting benefits and costs in the total resource cost ("TRC") analysis, and (3) economically efficient potential. It was decided to have the third issue addressed further through the 2014 Section 16-111.5B EE workshop process. Staff's summary of the status of the first two issues as determined by the end of the May 14, 2014 workshop is provided below for informational purposes.

For timing of potential study completion, the participating stakeholders agreed to have the potential studies completed 6-8 months (January-March 2016) prior to the next three-year 8-103 EE plan filings (September 2016). This timeframe may also allow bidders to have access to the updated potential studies when preparing their bids during the Section 16-111.5B annual solicitation process for that year, which would be beneficial if the potential studies contain information useful for bidders (e.g., list of economically efficient cost-effective measures) and if the bidders review the potential studies in preparing their bids. It was discussed that potential studies generally take a year to complete if relying on existing data. If primary data is going to be collected for the potential study, the study could be completed within 18 months. Therefore, finalization of the utilities' RFPs for the potential studies should occur late 2014/early 2015 such that a contract can be in place for the potential studies in February/March 2015. Given this agreed timeframe, if parties want the Commission to order that certain information be included within the next potential studies completed pursuant to Section 16-111.5B, then this upcoming procurement plan proceeding would be the appropriate docket for this to occur.

For precision in the estimation of factors impacting benefits and costs in the TRC analysis, the participating stakeholders determined that this issue could have implications for all the Illinois utilities, and not solely those impacted by Section 16-111.5B; therefore, this issue will be addressed at a future Illinois Energy Efficiency Stakeholder Advisory Group ("SAG") meeting. At the time of the May 14, 2014 workshop, ComEd and Ameren were already performing the cost-effectiveness analyses for their July 15, 2014 energy efficiency

[12] Potential Studies Workshop #1 (5/14/2014, 1:00 p.m. – 3:52 p.m.);
Potential Studies Workshop #2 (6/11/2014, 1:45 a.m. – 2:12 p.m.).

assessment submittals to the IPA and there was no expectation that they would make any adjustments to this year's analysis based on the SAG discussions.

The parties reached consensus regarding general language that could be incorporated into a larger scope of work for a potential study related to the marginal analysis economically efficient potential issue raised by Staff in the last procurement proceeding, ICC Docket No. 13-0546.[13] It should be noted that the exact language of the marginal economic potential study scope, attached hereto as Attachment B, may change based in part on future review by the utilities' legal counsel. Further, such consensus language is not intended to replace existing scope of work language regarding economic, market, and program potential analyses. The consensus language is designed to clarify the limited scope of such marginal analysis and help ensure the costs of such analysis would be reasonable.

C. RFP Process and DCEO Participation Workshops[14]

The 2014 Procurement Order states:

> [T]he Commission directs Staff to work with CUB, the AG, and any other interested parties to conduct workshops, as needed, to determine what improvements, if any, can be incorporated into… the RFP process.

2014 Procurement Order at 147. The 2014 Procurement Order also states:

> Thus, the Commission directs that a workshop should be held to address the barriers to DCEO's participation through the third-party RFP process... Although the Commission cannot mandate that DCEO take part in this workshop, in the interest of including energy efficiency programs to address the needs of low income customers in the IPA's future procurement plans, it would encourage DCEO's participation. The Commission urges the parties to hold any workshops in the timeliest manner practicable and to report to the Commission in the next available IPA procurement proceeding on the results of the workshop. Alternatively, the Commission welcomes DCEO's participation in a formal docketed proceeding or in informal discussions about these barriers, if DCEO considers that to be a more fitting way to address the issue.

2014 Procurement Order at 145-146.

(1) RFP Process

In terms of improvements to the third-party RFP Process, the utilities agreed to consider including illustrative examples of EE programs that could be considered "duplicative" versus "competing" in future RFPs in order to provide greater clarity to bidders regarding the types of EE programs that would be considered "duplicative" versus "competing" as those

[13] Consensus Marginal Economic Potential Study Scope (June 11, 2014)
[14] RFP Process and DCEO Participation Workshop #1 (5/19/2014, 1:00 p.m. – 3:53 p.m.); RFP Process and DCEO Participation Workshop #2 (6/18/2014, 3:00 p.m. – 4:00 p.m.).

terms are defined in the 2014 Procurement Order.[15] Participating parties seemed to be in agreement that at this stage the utilities providing illustrative examples of "duplicative" and "competing" EE programs in the RFP would be preferable to having the Commission adopt a more detailed definition for the terms "duplicative" versus "competing" in the upcoming procurement plan proceeding.

With respect to the issue of TRC test transparency and process improvements to catch inadvertent errors in the TRC analysis, the utilities agreed to provide feedback to vendors on changes the utilities make to inputs used in bid submissions when performing the TRC cost-effectiveness analysis, especially for bidders whose bids do not pass the TRC. The preferred approach is for the utilities to work with bidders on a one-on-one basis.

With respect to the issue of providing the appropriate balance between 100% pure performance based compensation for contractors (i.e., all of the contractor's payment is conditioned on delivery of energy savings and thus in theory a risk premium may be incorporated into price bid) and maximizing the attractiveness of bidding to maximize the acquisition of cost-effective savings, it was discussed at the workshops that there exists negligible evidence that 100% pay-for-performance is discouraging vendors from participating in the RFP Process. Given it was not clear at the time of the workshops how much of an issue the risk premium is, the issue was not addressed further through the workshops. It is expected that more will be known on this risk premium issue after this upcoming procurement cycle. If a risk premium is discovered to be a major issue after this upcoming procurement cycle, certain parties suggested that this issue may need to be revisited in the future before the next RFPs are released next year.

(2) DCEO Participation

DCEO produced a memorandum addressing interested parties' questions related to DCEO's participation in the Section 16-111.5B EE procurement process. In summary, the barriers to DCEO's participation in the Section 16-111.5B EE procurement process include the following: Performance Contracting and Funding; Lack of Additional Gas Funding for Low-Income Projects; Total Resource Cost ("TRC") Test; Public Sector Eligibility for Section 16-111.5B EE Programs; and Legal Issues.

- **Performance Contracting and Funding:**[16] Section 16-111.5B's emphasis on assured savings, while necessary, creates a scenario where generally projects are reimbursed based on performance. In the absence of a dedicated fund, DCEO does not have the means to incur expenses that may not be reimbursed.

[15] 2014 Procurement Order at 149.

[16] For background, the following language was consensus from last year's workshops. "Utilities should have flexibility to structure Section 16-111.5B EE contracts in a manner which best balances the potentially competing objectives of making the procurement process attractive to as many bidders as possible and providing confidence that the savings which are proposed/bid will actually be delivered.[57]" "It's appropriate to structure Section 16-111.5B EE contracts as "pay-for-performance".[56]" "There are no legal requirements for Section 16-111.5B EE contracts to be structured around a "pay-for performance" structure.[59]" (2013 ICC Staff Report Summary of Section 16-111.5B EE Workshops, p. 6)

- **Lack of Additional Gas Funding for Low-Income Projects:** The expansion of DCEO's low-income EE programs would be difficult to implement without additional funding for natural gas EE projects, because the bulk of energy savings in low-income houses comes from natural gas EE projects and the gas budgets are already constrained under Section 8-104 of the PUA.
- **Total Resource Cost Test:**[17] Section 16-111.5B of the PUA requires all eligible EE programs or measures to pass the TRC test. While prudent and necessary, this test inhibits the incorporation of DCEO's low-income EE programs since many EE measures DCEO has chosen to implement under the comprehensive whole-building approach used by DCEO do not pass the TRC test under Sections 8-103 and 8-104 of the PUA.
- **Public Sector Eligibility for Section 16-111.5B EE Programs:** Many governmental entities served by DCEO under Sections 8-103 and 8-104 are in competitive classes not eligible for the Section 16-111.5B EE programs.[18] DCEO does not know which public sector utility customers are eligible for the Section 16-111.5B EE programs because DCEO does not have direct access to utility customer account data. Given that DCEO does not know which public sector customers have not been declared competitive under Section 16-113 of the PUA, this makes designing an EE program to target that sector component difficult. Some interest was expressed in trying to resolve this issue at a later date and Staff understands that the AG, DCEO, and the utilities may lead the effort to resolve this issue in the future.
- **Legal Issues:** The Commission determined in the 2014 Procurement Order[19] that it cannot treat DCEO as a utility under Section 16-111.5B of the Act; therefore, the Commission did not approve DCEO's EE programs submitted to the IPA, only the cost-effective EE programs submitted by the utilities to the IPA. Accordingly, the EE programs that may be considered under Section 16-111.5B in the procurement plan docket are those that are included in the utilities' annual EE assessments submitted to the IPA by July 15 of each year. The utilities include two sets of EE programs in the annual EE assessments submitted to the IPA: (i) expanded Section 8-103 EE programs and (ii) EE programs submitted by vendors through the annual third-party RFP Process conducted pursuant to Section 16-111.5B of the PUA. The Commission's Order in ICC Docket No. 13-0546 directed that workshops be held to address the barriers to DCEO's participation through the third-party RFP Process. DCEO states that it is uncertain about its ability to bid into the utilities' annual third-party RFP Process conducted by the utilities pursuant to Section 16-111.5B of the PUA. In particular, the performance-based nature of the EE program contracts is a

[17] For background, the following language was consensus from last year's workshops. "Expansion of DCEO's Section 8-103 EE programs would need to be shown to be cost-effective per Section 16-111.5B requirements.[16]" (2013 ICC Staff Report Summary of Section 16-111.5B EE Workshops, p. 5) "The Total Resource Cost ("TRC") test should be calculated at the program or measure level.[102]" (2013 ICC Staff Report Summary of Section 16-111.5B EE Workshops, p. 9)

[18] Section 16-111.5B EE programs are to be "offered to all retail customers whose electric service has not been declared competitive under Section 16-113 of this Act and who are eligible to purchase power and energy from the utility under fixed-price bundled service tariffs, regardless of whether such customers actually do purchase such power and energy from the utility." 220 ILCS 5/16-111.5B(a)(3)(C).

[19] 2014 Procurement Order at 145.

potential problem as to whether the state could sign a contract where the reimbursement of funds is uncertain. DCEO states that it would need a dedicated funding source to operate EE programs under Section 16-111.5B of the PUA.

DCEO is well-suited to play a consulting role for the low-income or public sector EE programs, and DCEO could encourage its existing grantees/subcontractors to bid into the utilities' annual third-party RFP Process conducted pursuant to Section 16-111.5B of the PUA. Therefore, should the vendors running DCEO's EE programs believe they have the capacity to expand the EE programs in a cost-effective manner, the vendors have an avenue under which to propose such EE programs, by bidding in those EE programs into the utilities' third-party RFP Process. DCEO's grantees/subcontractors that bid EE program expansions into the utilities' third-party RFP Process need to ensure adequate tracking mechanisms are in place to separately track expenses and savings for the original Section 8-103 portion versus expanded Section 16-111.5B portion of any expanded EE program.[20]

VI. Conclusion

The Oversight and Evaluation Responsibility outstanding issues have been thoroughly addressed by interested parties through the workshops[21] and Commission resolution on the issues set forth in Attachment A in the next procurement plan proceeding would provide greater certainty to all parties involved with the Section 16-111.5B EE programs. Staff looks forward to answering any questions that the Commission may have about this report.

[20] For background, the following language was consensus from last year's workshops. "Sections 8-103 and 16-111.5B EE portfolios can be kept separate.[17]" "Sections 8-103 and 16-111.5B EE budgets would be kept separate.[28]" "EE program expansions would be expanded in such a way as to facilitate utility tracking of the original Section 8-103 portion and the Section 16-111.5B portion of the expanded EE program. (not expanded in exactly the same manner)[30]" "Savings from the Section 8-103 portion of an expanded EE program would count toward achievement of a utility's Section 8-103 savings goal.[21]" "Savings from the Section 16-111.5B portion of an expanded EE program would count toward achievement of a utility's Section 16-111.5B savings goal, not the Section 8-103 savings goal.[23]" (2013 ICC Staff Report Summary of Section 16-111.5B EE Workshops, p. 5)

[21] A number of these issues were also addressed through workshops held in 2013. ***See*** ICC Staff Report Summary of the 2013 Section 16-111.5B EE Workshops.

JUNE 18, 2014 CONSENSUS LANGUAGE
FOR SECTION 16-111.5B OVERSIGHT AND EVALUATION RESPONSIBILITY ENERGY EFFICIENCY ISSUES

1. **Deeming and Evaluation for Future Section 16-111.5B Energy Efficiency ("EE") Programs**

Consensus Language:

Deeming should be permitted for the Section 16-111.5B energy efficiency programs just as it is for the Section 8-103 energy efficiency programs. Annual updates to the deemed Illinois Statewide Technical Reference Manual for Energy Efficiency ("IL-TRM") and net-to-gross ("NTG") ratio values should occur for the Section 16-111.5B energy efficiency programs, and as a result, reasonable changes to the vendors' savings goals and/or cost structure are permitted during contract negotiations based in part on these updates to the IL-TRM and NTG. Multi-year contracts should be constructed to re-negotiate savings calculations based on annual IL-TRM and NTG updates and should leave open the possibility for utilities to update savings calculations and contract terms based in part on IL-TRM updates or errata and NTG updates. The IL-TRM Policies[2] adopted in ICC Docket No. 13-0077 should apply for the Section 16-111.5B energy efficiency programs (e.g., applicability and effective dates for updated versions of the IL-TRM should be consistent for both Section 16-111.5B and Section 8-103 energy efficiency programs). Prospective application of standard measure-level savings values from the updated IL-TRM and NTG values recommended by the evaluator that are available prior to the start of a program year should be deemed for one program year. Evaluators should perform IL-TRM savings verification for the Section 16-111.5B energy efficiency programs in a manner consistent with that performed for the Section 8-103 energy efficiency programs. Ex-post evaluation results for gross savings calculations should be applied retrospectively for custom measures, behavioral measures, and for EE measures with uncertain savings, which is consistent with the approach used for these types of energy efficiency measures under the Section 8-103 energy efficiency programs.

2. **Deeming and Evaluation for Previously Approved Section 16-111.5B EE Programs, Program Year ("PY") 6 and PY7**

Consensus Language:

Ex-post evaluation results for gross savings calculations should be applied retrospectively for custom measures, behavioral measures, and for energy efficiency measures with uncertain savings, which is consistent with the approach used for these types of EE measures under the Section 8-103 energy efficiency programs.

For PY6, the statements set forth in the utilities' contracts with energy efficiency program vendors are the overriding factors in relation to deeming and evaluation for previously approved and implemented Section 16-111.5B energy efficiency programs.

For Ameren in PY7, the NTG and IL-TRM included in the procurement plan filing should be deemed per ICC Order Docket No. 13-0546.

For ComEd in PY7, the evaluator recommended NTG values intended to represent their best estimates of future actual NTG values likely to occur for the program year should be deemed for PY7. The ICC-approved IL-TRM Version 3.0

[2] "Policy Document for the Illinois Statewide Technical Reference Manual for Energy Efficiency" Final As of October 25th, 2012.

should be deemed for PY7 for ComEd's Section 16-111.5B energy efficiency programs, which is consistent with the deeming approach and version of the IL-TRM deemed for PY7 for the Section 8-103 energy efficiency programs.

3. **Responsible Entity**

Consensus Language:

The utilities have primary responsibility for prudently administering the contracts with the vendors approved by the Commission for the Section 16-111.5B energy efficiency programs.

4. **Policy or Clarity on Status of Bid Accepted into IPA Procurement Plan and Approved by the Commission and Flexibility**

Consensus Language:

Once the Commission approves the procurement of energy efficiency pursuant to Section 16-111.5B(a)(5) of the PUA, the utilities and approved vendors should move forward in negotiating the exact terms of the contract based on the terms of the Request for Proposal ("RFP") and the bid itself (and that are "not significantly different" from the initial bid), with the clarification that negotiation around other details of the contract/scope of work/ implementation plan still might need to occur depending on a variety of factors (e.g., lessons learned since bid submittal, updates to the IL-TRM and NTG, changes in the market, desire to add new energy efficiency measures). The utilities should use reasonable and prudent judgment in negotiating the exact terms of the contract after Commission approval and should rely upon the best available information and ensure any modifications continue to result in a cost-effective energy efficiency program. Negotiations may result in reasonable adjustments to savings goals for the energy efficiency program in comparison to the amount proposed in the bid and reasonable and prudent modifications to the cost structure (e.g., price paid per kWh) that are in line with the original design. Some degree of flexibility within an energy efficiency program should be allowed for vendors implementing energy efficiency programs under Section 16-111.5B of the PUA. Flexibility should not be allowed insofar as the modifications to the EE program result in the following: (1) less confidence in the quality of service, (2) the addition of new energy efficiency measures with no confidence in the savings, (3) duplicates or competes with other energy efficiency programs, (4) cost-ineffective energy efficiency program, or (5) a completely different energy efficiency program proposed in comparison to what was bid and approved. The utilities/IPA should share the description of the vendor's energy efficiency program included in the draft procurement plan with the vendor to help ensure the energy efficiency program is accurately characterized. An understood process for vendors to submit program changes should be clearly conveyed to all vendors by the utilities. If a vendor decides to add (or remove) EE measures midstream, they should seek approval from the utility for such changes prior to implementing the change in order to allow for possible contract renegotiations. Vendors are allowed to receive credit for energy savings from implementing new EE measures if they have received pre-approval from the utility for adding that

new EE measure. To help protect against gaming, any EE measure that has not received pre-approval from the utility or is not included in the vendor's approved proposal should not be considered for energy savings. The utility should notify the IPA, ICC, and the SAG when it has stopped negotiations with an approved Section 16-111.5B energy efficiency program vendor and a contract agreement cannot be reached, and if it has terminated a contract with an approved Section 16-111.5B energy efficiency program vendor. The utility should notify the Commission in a filing in the procurement plan docket for which the energy efficiency program was approved (similar to the approach ComEd used for PY7 and the approach proposed by Ameren in ICC Docket No. 13-0546 (Order at 112; Ameren RBOE at 14)). The utilities should notify SAG and keep the IPA apprised of any expected shortfalls in savings. The utility should notify the ICC of changes made (e.g., savings goal changes) in comparison to the approved energy efficiency programs.

5. **Continuity for Multi-Year EE Programs**

Consensus Language:

The utilities should have the capability for any of the Section 16-111.5B energy efficiency programs to have the option to expand into the Section 8-103 energy efficiency portfolio for a given program year (at the utility's discretion) if (1) the Section 16-111.5B savings goal for the energy efficiency program (from the ICC Order in the procurement plan docket or compliance filing/contract) is achieved and the approved budget (from ICC Order in the procurement plan docket) is exhausted and (2) the utility has budget available in the Section 8-103 energy efficiency portfolio. The utilities should make the vendor aware of this option in advance so as to help avoid stopping and re-starting the energy efficiency program (i.e., avoid program disruption).

The Commission could pre-authorize up to a 20% budget shift across program years for multi-year programs (assuming remains within total approved multi-year program budget) to allow for successful energy efficiency programs to continue operation in the early (or later) program years of the multi-year contract. In such a situation, it is assumed that the kilowatt-hour ("kWh") savings goals and budgets would be cumulative for the number of years of the contract. The utilities should make the vendor aware of this option in advance so as to help avoid energy efficiency program disruption.

6. **Evaluation Budget and Process Evaluations**

Consensus Language:

Consistent with the Section 8-103 evaluation process, Evaluators may conduct process evaluations where justified to encourage improvement in the implementation of the Section 16-111.5B energy efficiency programs.

Expenditures on evaluation should be capped for the Section 16-111.5B energy efficiency programs as they are for the Section 8-103 EE programs. Each energy efficiency program's evaluation budget should not necessarily be restricted to 3% of the energy efficiency program budget, but evaluation costs

should be limited to 3% of the combined Section 16-111.5B energy efficiency programs' budget.[3]

To the extent that certain third-party EE programs have innovative delivery mechanisms and potential to achieve significant savings, either generally or from key targets, a process evaluation may be justified, where the value of this effort must be weighed against the cost of conducting such an evaluation for an EE program that is a) not unique or innovative, b) achieves very small savings, or c) is not likely to gain traction as an ongoing EE program either in future Section 16-111.5B EE processes or as part of the Section 8-103 EE portfolio.

DISCLAIMER:
The June 18, 2014 Consensus Language for Section 16-111.5B Oversight and Evaluation Responsibility Energy Efficiency Issues ("June 18, 2014 Consensus Language") is not intended to capture interested parties' preferred positions on every issue, rather it is intended to capture interested parties' acceptable positions at the time of the 2014 Section 16-111.5B EE workshops such that consensus could be reached on certain important outstanding issues that need to be resolved in order to provide greater certainty to all parties involved with the Section 16-111.5B EE programs. On more than one occasion during the workshop process, all interested parties were urged to review drafted consensus language with their respective leadership and counsel to make certain that it accurately portrays the consensus view from the workshops. The June 18, 2014 Consensus Language was circulated to the Illinois Energy Efficiency Stakeholder Advisory Group ("SAG") e-mail distribution list and posted on the Commission's website with a public notice requesting that any interested party submit objections if they disagreed with the June 18, 2014 Consensus Language representing the consensus view from the 2014 Section 16-111.5B EE workshops. The public notice specified that failure of parties to submit objections by June 25, 2014 will be interpreted by ICC Staff as confirmation that the June 18, 2014 Consensus Language indeed reflects the consensus of all interested parties and it was further noted that ICC Staff may represent it as such when summarizing the outcome of the 2014 Section 16-111.5B EE workshops. No objections were received by the July 25, 2014 deadline for objections to the June 18, 2014 Consensus Language, thus confirming that the June 18, 2014 Consensus Language indeed reflects the consensus of all interested parties at the time of the workshops per the terms of the public notice. Please note that parties reserved all of their legal rights to seek further clarification and resolution of language and/or issues contained in the June 18, 2014 Consensus Language in the future. In addition, parties reserved the right to change, alter, or modify without prejudice their position in respect to any issue contained in their written comments, presented during the workshop process, and/or the consensus language resulting from the workshop process.

[3] This was a consensus issue from last year's workshops. "Expenditures on evaluation should be capped for the Section 16-111.5B EE programs as they are for the Section 8-103 EE programs.[69]" (2013 ICC Staff Report Summary of Section 16-111.5B EE Workshops, p. 7) "There must be a balance in the evaluation of Section 16-111.5B EE programs between the degree of evaluation and the size of the program, wherein larger programs justify more complete evaluations.[40]" (2013 ICC Staff Report Summary of Section 16-111.5B EE Workshops, p. 7)

Consensus Marginal Economic Potential Study Scope (June 11, 2014) - Energy Efficient Potential:

{This text would be incorporated into a larger scope of work for a potential study. The exact language may change based in part on future review by the utilities' legal counsel. It is not intended to replace existing scope language regarding economic, market and program potential analyses.}

In addition to the traditional analyses, vendor should also propose a marginal benefit-cost analysis as described below. This analysis would compare the marginal benefit against the marginal cost for incremental improvements in measure efficiency. It is expected that such an analysis may not be appropriate for the entire universe of measures that a typical potential study contains, either because some categories of measures may have no correlation between incremental measure cost and marginal savings, because the quality of available data on incremental costs and savings for different levels of efficiency is inadequate, and/or because the level of savings potential from some categories of measures is not great enough to warrant this level of analysis. Thus, the vendor should identify a subset of measures for which such an analysis would yield useful results, focusing in particular on measures with the highest contribution to the overall savings potential.

The objective of this marginal analysis is to more accurately estimate the economic energy efficiency potential; this level identifies, using a bottom-up approach, the level of energy efficiency that maximizes the available net benefits under the prevailing cost-benefit structure.

The proposal should include a description of the vendor's approach toward a marginal analysis; this approach should:

1) Identify likely candidate technologies/end uses for which a marginal analysis would be suitable,
2) Identify sources of data that the vendor would rely upon to support such an analysis, and
3) Provide a separate estimate of costs to conduct such an analysis.

An illustrative example of marginal analysis of residential air-source heat pump is provided here:

#	Measure Efficiency Scenario	NPV of Lifetime Incremental Benefits over Baseline	marginal benefit	Incremental Cost per Unit over Baseline	marginal cost	Net Benefit versus baseline	Marginal Net Benefit versus Previous Scenario
1	ASHP 14.5- 14.9 SEEER	$669	$669	$473	$473	$196	$196
2	ASHP 15.0- 15.9 SEER	$930	$261	$629	$156	$301	$105
3	ASHP 16.0+ SEER	$1,131	$200	$944	$315	$187	-$115

In this example, all three scenarios provide net benefits versus the baseline; however, the third scenario (ASHP 16.0+ SEER) yields negative incremental net benefits relative to the second scenario. Under some approaches to estimating economic potential, the third scenario would qualify as the most efficient

technology; however, under the marginal analysis the second scenario would be considered the most efficient qualifying technology. Its unit savings and costs would be utilized in a similar manner to scenario 3, except that the result of such an analysis would yield a maximum-benefits potential.

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

ICC Staff Report

RE: Summary of Section 16-111.5B Energy Efficiency Workshops Required by the Commission's Order in Docket No. 12-0544

August 2, 2013

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ICC Staff Report: Summary of Section 16-111.5B EE Workshops

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Disclaimer

The Section 16-111.5B Energy Efficiency ("EE") Workshops were held pursuant to the Commission's December 19, 2012 Final Order in Docket No. 12-0544 ("2013 Procurement Order"). The Commission's 2013 Procurement Order noted that "[b]ecause this is the first procurement proceeding to consider the Section 16-111.5B energy efficiency programs, and considering the lack of agreement on other requests, suggestions or recommendations -- for which determinations are not required by statute -- the Commission declines to render a decision or require modifications to the Procurement Plan with respect to these matters. However, in light of the fact that several parties have raised or otherwise addressed additional requests, suggestions, or recommendations regarding the Section 16-111.5B energy efficiency programs that warrant further attention, the Commission directs Staff to work with the IPA to conduct a series of workshops – if the IPA is agreeable to doing so -- to determine if there are additional changes or refinements to consider with regard to such requests, suggestions, or recommendations in future procurement proceedings." 2013 Procurement Order at 271.

This report conveys the consensus positions of those parties participating in the public workshops concerning Section 16-111.5B EE issues. Each consensus statement was taken from the matrix of issues reviewed at the Section 16-111.5B EE Workshops for which no opposition was presented on that statement (i.e., parties took only support or neutral positions on the statement). After the Section 16-111.5B EE Workshops, Staff requested parties to make best efforts to send any corrections to the revised matrix by Wednesday, June 19, 2013, and noted that failure of any party to provide corrections by that date would be interpreted as agreement that the positions specified in the matrix are accurate. Staff notes, however, that parties reserved the right to change, alter, or modify without prejudice their position in respect to any issue contained in their written comments and/or presented during the workshop process.

Acknowledgements

Staff thanks all the workshop participants, including representatives from: the Ameren Illinois Company; the Applied Energy Group; the Citizens Utility Board; the City of Chicago; CNT Energy; Commonwealth Edison Company; the Environmental Law and Policy Center; the Illinois Attorney General's Office; the Illinois Department of Commerce and Economic Opportunity; the Illinois Power Agency; the Illinois Stakeholder Advisory Group's facilitator; Lockheed Martin Energy Solutions; the Natural Resources Defense Council; Navigant Consulting; and Nicor Gas Company .

Web Access

This report along with various other materials related to the Section 16-111.5B EE Workshops can be found in electronic form by using the following link to the Commission's *Energy Efficiency Workshops 16-111.5B* website: http://www.icc.illinois.gov/electricity/EnergyEfficiencyWorkshops161115B.aspx

Executive Summary

In the Illinois Commerce Commission's ("Commission" or "ICC") December 19, 2012 Final Order in ICC Docket No. 12-0544 ("2013 Procurement Order"), the Commission directed ICC Staff to work with the Illinois Power Agency ("IPA") to conduct a series of public workshops regarding Section 16-111.5B[1] energy efficiency ("EE") issues "to determine if there are additional changes or refinements to consider with regard to such requests, suggestions, or recommendations in future procurement proceedings."[2]

Three Section 16-111.5B EE Workshops were held at the ICC in Springfield in 2013.[3] Initial and Reply Comments were also submitted concerning the Post-Workshop Section 16-111.5B EE Questions. In addition to parties having a better understanding of the Section 16-111.5B EE issues, the outcome of the workshop process includes a number of statements concerning Section 16-111.5B EE issues where parties participating in the Section 16-111.5B EE Workshops reached consensus (i.e., no opposition to the statement).

This report conveys the consensus positions of those parties participating in the public workshops concerning Section 16-111.5B EE issues. Each consensus statement was taken from the matrix of issues reviewed at the Section 16-111.5B EE Workshops for which no opposition was presented on that statement (i.e., parties took only support or neutral positions on the statement). Below are the Post-Workshop Section 16-111.5B EE Questions covered through written Initial and Reply Comments[4] and discussed in detail at the second and third Section 16-111.5B EE Workshops. Below each question is a bulleted list of statements where consensus was reached among the workshop participants. The superscript numbers following each statement is a reference to the statement number from the workshop matrix.[5]

[1] 220 ILCS 5/16-111.5B.

[2] 2013 Procurement Order at 271.

[3] Workshop #1, Thursday, April 11, 2013, 9:30 AM – 4:30 PM; ICC, 527 East Capitol Avenue, Springfield, IL 62701; Hearing Room A.
Workshop #2, Monday, June 3, 2013, 10:30 AM – 4:30 PM; ICC, 527 East Capitol Avenue, Springfield, IL 62701; Hearing Room A
Workshop #3, Tuesday, June 4, 2013, 9:00 AM – 4:30 PM; ICC, 527 East Capitol Avenue, Springfield, IL 62701; Hearing Rooms A and B

[4] Initial and Reply Comments of the parties can be accessed via the Commission's website: http://www.icc.illinois.gov/electricity/EnergyEfficiencyWorkshops161115B.aspx

[5] 'Matrix of Parties' Positions on 16-111.5B Issues - DRAFT 6-4-13 430pm.docx', 'Matrix of Parties' Positions on 16-111.5B Issues - DRAFT 6-14-13 430pm.docx', and 'Staff Consensus Matrix, OAG edits[1].docx'.

Consensus Positions on Post-Workshop Section 16-111.5B EE Questions

A. Coordination of Energy Efficiency Programs

1. Is it feasible for the energy efficiency ("EE") programs and measures procured by the Illinois Power Agency ("IPA") pursuant to Section 16-111.5B[6] to include expansions of Section 8-103[7] EE programs and measures? If yes, please explain how, describe the benefits and costs of doing so, and explain whether expansions of Section 8-103 EE programs and measures should be included in IPA procurements of EE pursuant to Section 16-111.5B.

   1.1. Should the Section 16-111.5B EE programs be limited to new or different EE programs than those included in a utility's Section 8-103 EE portfolio? What are the benefits and costs of such an approach?

   - **It is feasible to include EE program expansions in IPA procurements.[4]**
   - **The utilities should include cost-effective expansions of the Section 8-103 EE programs in the annual EE assessment they submit to the IPA, unless Section 8-103 EE programs are already expected to achieve the maximum achievable cost-effective savings.[6]**
   - **Due to timing problems, it may not be feasible to include expansion of Section 8-103 EE programs in IPA procurements during years in which there are no Section 8-103 EE programs that have been approved by the Commission.[5]**
   - **To align the filing timelines across Sections 8-103 and 16-111.5B to facilitate including EE program expansions in the EE assessments the utilities submit to the IPA, the utilities and DCEO could file their next Section 8-103 EE plans with the Commission by July 1, 2016. (Need gas utility support)[7]**
   - **An "expansion" of a Section 8-103 EE program per Section 16-111.5B is not strictly defined and could include expanding the EE program in such a way as to facilitate tracking of the Section 16-111.5B portion of the expanded EE program.[3]**

2. Should expansion of existing Section 8-103 EE programs under Section 16-111.5B also include expansion of DCEO's Section 8-103 EE programs? If yes, please explain how and describe the benefits and costs of such an approach.

   - **Expansion of DCEO's Section 8-103 EE programs should be included in the EE assessment that the utilities submit to the IPA per Section 16-111.5B, assuming cooperation from DCEO. (Still questioning contracting relationship with DCEO under Section 16-111.5B EE programs.)[15A]**
   - **Expansion of DCEO's Section 8-103 EE programs would need to be shown to be cost-effective per Section 16-111.5B requirements.[16]**
   - **DCEO is allowed to offer EE programs under Section 16-111.5B.[14]**

[6] 220 ILCS 5/16-111.5B
[7] 220 ILCS 5/8-103

- **It would be appropriate for DCEO to bid programs into the utilities' annual EE assessments (RFP). (Still questioning contracting relationship with DCEO under Section 16-111.5B EE programs.)[15B]**

3. Given the existing EE statutes, should the Commission treat Sections 8-103 (EEPS) and 16-111.5B (IPA) EE portfolios as *separate* portfolios (*e.g.,* separate EE goals, separate budgets, separate sets of standards) or as a *combined* portfolio (*e.g.,* single EE goal, single budget, single set of harmonized standards)? Please explain which approach (*i.e.,* separate or combined EE portfolios) is preferred and provide rationale.
   3.1. How would the preferred approach (*i.e.,* separate or combined EE portfolios) actually work in practice (in terms of EE evaluation, tracking, reporting, portfolio administration, goals, banking, flexibility, merged or separate budget, and other overlap with Section 8-103)? Please be very specific.
   3.2. Under what circumstances (if any) could you support the alternative approach (*i.e.,* separate or combined EE portfolios), and how would the alternative approach actually work in practice (in terms of EE evaluation, tracking, reporting, portfolio administration, goals, banking, flexibility, merged or separate budget, and other overlap with Section 8-103)? Please be specific.
   - **Sections 8-103 and 16-111.5B EE portfolios can be kept separate.[17]**
   - **Sections 8-103 and 16-111.5B EE budgets would be kept separate.[28]**
   - **EE program expansions would be expanded in such a way as to facilitate utility tracking of the original Section 8-103 portion and the Section 16-111.5B portion of the expanded EE program. (not expanded in exactly the same manner)[30]**
   - **Savings from the Section 8-103 portion of an expanded EE program would count toward achievement of a utility's Section 8-103 savings goal.[21]**
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   - **There is no need for banking under Section 16-111.5B.[25]**
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B. Procurement of Energy Efficiency Programs

4. How should EE programs be procured by the IPA?
   4.1. For example, should the IPA procurement allow for multi-year EE programs? Can the number of years that the utilities propose for IPA EE programs be flexible (1, 2, 3, 4 or 5 years)?
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- **Multi-year EE procurement is allowed in the context of the annual EE procurement plan proceeding.[54]**
- **Utilities should include all bids in their EE assessments submitted to the IPA (similar to Ameren last year).[55D]**
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- **There are no legal requirements for Section 16-111.5B EE contracts to be structured around a "pay-for performance" structure.[59]**
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5. How should Section 16-111.5B EE programs be evaluated (*e.g.,* using IL-TRM in effect at time of submission, using IL-TRM in effect at time of implementation, deemed NTG) and what is appropriate forum for review (*e.g.,* docketed proceeding, SAG)?
   5.1. Do EE programs and measures procured by the IPA pursuant to Section 16-111.5B *require* evaluation, measurement and verification? If yes, please answer the following as well:
      5.1.1. Should assessments of IPA EE programs be included as part of the work done assessing Section 8-103 EE programs and measures through the Technical Reference Manual ("TRM")? Should the processes now completed for the evaluation of Section 8-103 EE programs, including the TRM and net-to-gross ("NTG") ratio development, also be done for Section 16-111.5B EE programs?
      5.1.2. Should the same NTG ratios and savings values, methodologies and assumptions be applied to both Section 8-103 EE programs and Section 16-111.5B EE programs?

- **In general, the IL-TRM should be used for Section 16-111.5B EE programs.[46]**
- **There may be special circumstances where deviation from the IL-TRM may be appropriate; the utility/vendor should have the option to make the case for the special circumstance. However, the IL-TRM values must also be provided for comparison purposes.[47]**
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- **There must be a balance in the evaluation of Section 16-111.5B EE programs between the degree of evaluation and the size of the program, wherein larger programs justify more complete evaluations.[40]**
- **Expenditures on evaluation should be capped for the Section 16-111.5B EE programs as they are for the Section 8-103 EE programs.[69]**
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- **Ex-post cost-effectiveness analysis should be performed for the Section 16-111.5B EE programs.[38]**
- **Ex-post cost-effectiveness analysis should be performed using actual participation and the best available information (e.g., updated NTG).[39B]**

6. Is it reasonable to hold utilities (or third party vendors) accountable for annual EE savings goals (EE program-level or portfolio-level goals) established pursuant to Section 16-111.5B?
   6.1. How should failure of any party to fulfill its Section 16-111.5B obligations be dealt with in the context of Section 16-111.5B EE goals, budgets, and affected supply requirements[8]?
   6.2. What are the consequences, if any, should an ex-post evaluation of an EE program or measure procured by the IPA pursuant to Section 16-111.5B fail to show the expected savings?
      - **Utilities are not subject to penalties for failure to achieve the annual Section 16-111.5B energy savings goal.[43]**

7. Can utilities and third party vendors adjust (EE program and portfolio) goals or budgets after the IPA order but prior to implementation reflecting changes in values and the market given the over one year time lag between RFP submission and implementation? If yes, please answer the following as well:
   7.1. Under what circumstances can the utilities and third party venders make such adjustments? Please be specific.
   7.2. What guidelines or rules should govern how such adjustments are made? Please be specific.
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      - **Under the pay for performance contract, the ICC could authorize on a program basis, a maximum energy savings achieved and spending cap.[100C]**
      - **There is prudence accountability in a docketed proceeding but no docketed proceeding for savings goals is required per Section 16-111.5B.[66]**

[8] Please note that item (5) under subsection (a) of Section 16-111.5B states:
(5) Pursuant to paragraph (4) of subsection (d) of Section 16-111.5 of this Act, the Commission shall also approve the energy efficiency programs and measures included in the procurement plan, including the annual energy savings goal, 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 this Act.
In the event the Commission approves the procurement of additional energy efficiency, it shall reduce the amount of power to be procured under the procurement plan to reflect the additional energy efficiency and shall direct the utility to undertake the procurement of such energy efficiency, which shall not be subject to the requirements of subsection (e) of Section 16-111.5 of this Act. The utility shall consider input from the Agency and interested stakeholders on the procurement and administration process.
220 ILCS 5/16-111.5B(a)(5).

C. Energy Efficiency Program Management

8. What type and amount of flexibility is allowed or appropriate for EE programs approved in an IPA procurement plan under Section 16-111.5B (for one year, and for multiple years, and flexibility between the Sections 16-111.5B and 8-103 EE portfolios)?
   8.1. For example, can or should resources be transferred between and among Section 16-111.5B EE programs in order to maximize cost-effective savings?
   8.2. Can or should resources be transferred between the Section 16-111.5B EE portfolio and the Section 8-103 EE portfolio in order to maximize cost-effective savings?
   - **Funds approved pursuant to Section 16-111.5B could not be spent on EE programs that were not approved in the procurement plan docket.[29]**
   - **The Commission may authorize on a program basis an expected spending level and the spending level cap.[100D]**

D. Cost-Effectiveness of Energy Efficiency Programs and Measures

9. What criteria of cost-effectiveness is appropriate for EE programs and measures procured by the IPA pursuant to Section 16-111.5B?
   - **The Total Resource Cost ("TRC") test should be calculated at the program or measure level.[102]**
   - **Cost-ineffective programs should be dropped during the procurement plan proceeding.[90C]**

10. What is the meaning of 220 ILCS 5/16-111.5B(a)(3)(D)-(E) in terms of which statistics or cost-effectiveness tests should be used to comply with each of the two requirements? Please be specific.

    (D) Analysis showing that the new or expanded cost-effective EE programs or measures would lead to a reduction in the overall cost of electric service.

    (E) Analysis of how the cost of procuring additional cost-effective EE measures compares over the life of the measures to the prevailing cost of comparable supply.

    10.1. How should the additional information required of the utilities in the IPA's procurement of EE programs and measures under Section 16-111.5B(a)(3)(D)-(E) be used? For example, should this additional information be used to exclude EE programs from IPA consideration?
    - **Section 16-111.5B(a)(3)(D) can be interpreted as the Utility Cost Test ("UCT").[105]**
    - **Section 16-111.5B(a)(3)(D) should be calculated for each program.[107]**
    - **Section 16-111.5B(a)(3)(E) can be interpreted as the Total Resource Cost ("TRC") test.[110]**
    - **The Commission should determine how the additional information provided pursuant to Section 16-111.5B(a)(3)(D)-(E) should be used (i.e., litigate).[113]**

ICC Staff Report
RE: Summary of Section 16-111.5B Energy Efficiency Workshops Required by the Commission's Order in Docket No. 12-0544

I. Background

On September 28, 2012, pursuant to the Illinois Power Agency Act, 20 ILCS 3855/1-1, et seq., and the Illinois Public Utilities Act ("Act" or "PUA"), 220 ILCS 5/1-101, et seq., the Illinois Power Agency ("IPA") filed a petition with the Illinois Commerce Commission ("Commission" or "ICC") requesting approval of the 220 ILCS 5/16-111.5(d) Procurement Plan ("2013 Procurement Plan"), ICC Docket No. 12-0544. Section 16-111.5B of the PUA outlines the provisions relating to energy efficiency ("EE") procurement and the specific requirements for the consideration of cost-effective EE in the procurement plan. Section 16-111.5B of the PUA requires the IPA to consider the utilities' annual assessment of cost-effective EE programs or measures that are incremental to those included in the Commission-approved Section 8-103 EE and demand-response plans that could be included in the procurement plan. Section 16-111.5B(a)(4) directs the IPA to include in the procurement plan beginning in 2012, EE "programs and measures it determines are cost-effective and the associated annual energy savings goal included in the annual solicitation process and assessment submitted pursuant to" Section 16-111.5B(a)(3) of the PUA. The IPA's filing of the 2013 Procurement Plan represented the first opportunity for the Commission to consider the Section 16-111.5B EE issues. In the Commission's Final Order in Docket No. 12-0544, the Commission directed ICC Staff to work with the Illinois Power Agency ("IPA") to conduct a series of workshops regarding the Section 16-111.5B[9] EE issues "to determine if there are additional changes or refinements to consider with regard to such requests, suggestions, or recommendations in future procurement proceedings." Illinois Power Agency, ICC Order Docket No. 12-0544, 271 (Dec. 19, 2012) ("2013 Procurement Order"). While the Commission did not direct Staff to file a Staff Report summarizing the outcome of the Section 16-111.5B EE Workshops, based on the request of the Section 16-111.5B EE Workshop participants, Staff produces this ICC Staff Report summarizing the Section 16-111.5B Energy Efficiency Workshops required by the Commission's 2013 Procurement Order.

[9] 220 ILCS 5/16-111.5B.

II. Facilitated Collaborative Process

On February 22, 2013, ICC Staff requested input from interested parties regarding Section 16-111.5B EE issues that should be considered in the workshop process. Comments were received by March 8, 2013 from Ameren Illinois Company ("AIC" or "Ameren"), Applied Energy Group ("AEG"), Commonwealth Edison Company ("ComEd"), the IPA, and a joint submission from the Citizens Utility Board ("CUB"), the Environmental Law and Policy Center ("ELPC"), the Natural Resources Defense Council ("NRDC"), and the People of the State of Illinois ("AG").

The first Section 16-111.5B EE Workshop was held at the ICC on April 11, 2013 to address Section 16-111.5B EE issues raised by the parties. Based on the collective desire of interested parties attending the April 11, 2013 workshop, a post-workshop comment period was agreed to as an appropriate next step in order to determine where consensus had been reached on various Section 16-111.5B EE issues. As agreed to at the first workshop, ICC Staff distributed a draft list of Section 16-111.5B EE questions on April 15, 2013, and requested input from interested parties regarding additional Section 16-111.5B EE questions that should be addressed in post-workshop comments. Additional questions were received from Ameren and CUB (with concurrence from NRDC and the AG) by April 22, 2013. ICC Staff requested input from interested parties and issued a notice of comment period regarding Post-Workshop Section 16-111.5B Energy Efficiency Questions developed by the parties on April 24, 2013. Initial Comments were received from Ameren, ComEd, and the IPA by May 8, 2013. Initial Comments were received from the City of Chicago, CUB, ICC Staff, NRDC and the AG by May 15, 2013. Reply Comments were received from Ameren, CUB, ICC Staff, and the IPA by May 29, 2013.

The second and third (final) Section 16-111.5B EE Workshops, held on June 3, 2013 and June 4, 2013 at the ICC, focused on documenting, reviewing, and clarifying areas of consensus regarding the various Section 16-111.5B EE issues. ICC Staff compiled a draft matrix[10] of Section 16-111.5B EE issues that represented a compilation of ICC Staff's understanding of the parties' positions on the issues based on the Initial and Reply Comments of the parties and circulated the draft matrix with the parties. ICC Staff edited the matrix throughout the Section 16-111.5B EE Workshops to ensure accuracy of the parties' positions on the issues. At the conclusion of the June 4, 2013 Section 16-111.5B EE Workshop, ICC Staff circulated with the parties the revised draft summary matrix[11] of the parties' positions on the Section 16-111.5B EE issues. Parties agreed to review of the revised draft summary matrix after the workshop and further agreed to provide ICC Staff with confirmation/modification of their parties' positions. Based on consensus at the Section 16-111.5B EE Workshop, ICC Staff agreed to send out a summary of the consensus Section 16-111.5B EE statements grouped by subject matter at a later date. This document contains the summary of the consensus Section 16-111.5B EE statements that was developed in the manner discussed above. The consensus matrix was created by ICC Staff and was modified based on input from the parties. It was

[10] 'Matrix of Parties' Positions on 16-111.5B Issues - DRAFT 6-3-13 950am.docx'.
[11] 'Matrix of Parties' Positions on 16-111.5B Issues - DRAFT 6-4-13 430pm.docx'.

initially based on ICC Staff's understanding of the parties' positions on the issues as contained in the Initial and Reply Comments of the parties, then it was modified based on discussions at the second and third Section 16-111.5B EE Workshops, and finalized based on follow-up confirmation with parties after the workshops.

III. Overview of the Workshops

The Section 16-111.5B EE Workshops were held at the ICC's Springfield Office.[12] The Section 16-111.5B EE Workshops were discussion based. The topics covered at the first workshop were:

A. Sections 8-103 and 16-111.5B Overlap and Coordination
    a. Goals
    b. Evaluation
    c. Flexibility
    d. Coordination
B. Cost-Effectiveness
C. RFP Process and Timing

Please see the April 11, 2013 Workshop Agenda for a detailed list of topics and questions.

The topics covered through Initial and Reply Comments regarding the Post-Workshop Section 16-111.5B EE Questions and the second and third workshops were:

A. Coordination of Energy Efficiency Programs
B. Procurement of Energy Efficiency Programs
C. Energy Efficiency Program Management
D. Cost-Effectiveness of Energy Efficiency Programs and Measures

The second and third Section 16-111.5B EE Workshops focused on clarifying areas where consensus was reached regarding the aforementioned topics.

[12] Workshop #1, Thursday, April 11, 2013, 9:30 AM – 4:30 PM; ICC, 527 East Capitol Avenue, Springfield, IL 62701; Hearing Room A.
Workshop #2, Monday, June 3, 2013, 10:30 AM – 4:30 PM; ICC, 527 East Capitol Avenue, Springfield, IL 62701; Hearing Room A
Workshop #3, Tuesday, June 4, 2013, 9:00 AM – 4:30 PM; ICC, 527 East Capitol Avenue, Springfield, IL 62701; Hearing Rooms A and B

IV. Consensus Positions on Post-Workshop Section 16-111.5B EE Questions

Below are the Post-Workshop Section 16-111.5B EE Questions covered through written Initial and Reply Comments[13] and discussed in detail at the second and third workshops. Below each question is a list of bulleted statements where consensus was reached among the workshop participants. The superscript numbers following each statement is in reference to the statement number from the workshop matrix.[14] Please note that the consensus statements are taken from the matrix of issues reviewed at the workshops for which no opposition was presented.

A. Coordination of Energy Efficiency Programs

1. Is it feasible for the energy efficiency ("EE") programs and measures procured by the Illinois Power Agency ("IPA") pursuant to Section 16-111.5B[15] to include expansions of Section 8-103[16] EE programs and measures? If yes, please explain how, describe the benefits and costs of doing so, and explain whether expansions of Section 8-103 EE programs and measures should be included in IPA procurements of EE pursuant to Section 16-111.5B.

   1.1. Should the Section 16-111.5B EE programs be limited to new or different EE programs than those included in a utility's Section 8-103 EE portfolio? What are the benefits and costs of such an approach?

   - **It is feasible to include EE program expansions in IPA procurements.[4]**
   - **The utilities should include cost-effective expansions of the Section 8-103 EE programs in the annual EE assessment they submit to the IPA, unless Section 8-103 EE programs are already expected to achieve the maximum achievable cost-effective savings.[6]**
   - **Due to timing problems, it may not be feasible to include expansion of Section 8-103 EE programs in IPA procurements during years in which there are no Section 8-103 EE programs that have been approved by the Commission.[5]**
   - **To align the filing timelines across Sections 8-103 and 16-111.5B to facilitate including EE program expansions in the EE assessments the utilities submit to the IPA, the utilities and DCEO could file their next Section 8-103 EE plans with the Commission by July 1, 2016. (Need gas utility support)[7]**
   - **An "expansion" of a Section 8-103 EE program per Section 16-111.5B is not strictly defined and could include expanding the EE program in such a way as to facilitate tracking of the Section 16-111.5B portion of the expanded EE program.[3]**

[13] Initial and Reply Comments of the parties can be accessed via the Commission's website: http://www.icc.illinois.gov/electricity/EnergyEfficiencyWorkshops161115B.aspx

[14] 'Matrix of Parties' Positions on 16-111.5B Issues - DRAFT 6-4-13 430pm.docx', 'Matrix of Parties' Positions on 16-111.5B Issues - DRAFT 6-14-13 430pm.docx', and 'Staff Consensus Matrix, OAG edits[1].docx'.

[15] 220 ILCS 5/16-111.5B

[16] 220 ILCS 5/8-103

2. Should expansion of existing Section 8-103 EE programs under Section 16-111.5B also include expansion of DCEO's Section 8-103 EE programs? If yes, please explain how and describe the benefits and costs of such an approach.
    - **Expansion of DCEO's Section 8-103 EE programs should be included in the EE assessment that the utilities submit to the IPA per Section 16-111.5B, assuming cooperation from DCEO. (Still questioning contracting relationship with DCEO under Section 16-111.5B EE programs.)[15A]**
    - **Expansion of DCEO's Section 8-103 EE programs would need to be shown to be cost-effective per Section 16-111.5B requirements.[16]**
    - **DCEO is allowed to offer EE programs under Section 16-111.5B.[14]**
    - **It would be appropriate for DCEO to bid programs into the utilities' annual EE assessments (RFP). (Still questioning contracting relationship with DCEO under Section 16-111.5B EE programs.)[15B]**

3. Given the existing EE statutes, should the Commission treat Sections 8-103 (EEPS) and 16-111.5B (IPA) EE portfolios as *separate* portfolios (*e.g.,* separate EE goals, separate budgets, separate sets of standards) or as a *combined* portfolio (*e.g.,* single EE goal, single budget, single set of harmonized standards)? Please explain which approach (*i.e.,* separate or combined EE portfolios) is preferred and provide rationale.
    3.1. How would the preferred approach (*i.e.,* separate or combined EE portfolios) actually work in practice (in terms of EE evaluation, tracking, reporting, portfolio administration, goals, banking, flexibility, merged or separate budget, and other overlap with Section 8-103)? Please be very specific.
    3.2. Under what circumstances (if any) could you support the alternative approach (*i.e.,* separate or combined EE portfolios), and how would the alternative approach actually work in practice (in terms of EE evaluation, tracking, reporting, portfolio administration, goals, banking, flexibility, merged or separate budget, and other overlap with Section 8-103)? Please be specific.
    - **Sections 8-103 and 16-111.5B EE portfolios can be kept separate.[17]**
    - **Sections 8-103 and 16-111.5B EE budgets would be kept separate.[28]**
    - **EE program expansions would be expanded in such a way as to facilitate utility tracking of the original Section 8-103 portion and the Section 16-111.5B portion of the expanded EE program. (not expanded in exactly the same manner)[30]**
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In the event the Commission approves the procurement of additional energy efficiency, it shall reduce the amount of power to be procured under the procurement plan to reflect the additional energy efficiency and shall direct the utility to undertake the procurement of such energy efficiency, which shall not be subject to the requirements of subsection (e) of Section 16-111.5 of this Act. The utility shall consider input from the Agency and interested stakeholders on the procurement and administration process.
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8. What type and amount of flexibility is allowed or appropriate for EE programs approved in an IPA procurement plan under Section 16-111.5B (for one year, and for multiple years, and flexibility between the Sections 16-111.5B and 8-103 EE portfolios)?
   8.1. For example, can or should resources be transferred between and among Section 16-111.5B EE programs in order to maximize cost-effective savings?
   8.2. Can or should resources be transferred between the Section 16-111.5B EE portfolio and the Section 8-103 EE portfolio in order to maximize cost-effective savings?
   - **Funds approved pursuant to Section 16-111.5B could not be spent on EE programs that were not approved in the procurement plan docket.[29]**
   - **The Commission may authorize on a program basis an expected spending level and the spending level cap.[100D]**

D. Cost-Effectiveness of Energy Efficiency Programs and Measures

9. What criteria of cost-effectiveness is appropriate for EE programs and measures procured by the IPA pursuant to Section 16-111.5B?
   - **The Total Resource Cost ("TRC") test should be calculated at the program or measure level.[102]**
   - **Cost-ineffective programs should be dropped during the procurement plan proceeding.[90C]**

10. What is the meaning of 220 ILCS 5/16-111.5B(a)(3)(D)-(E) in terms of which statistics or cost-effectiveness tests should be used to comply with each of the two requirements? Please be specific.

    (D) Analysis showing that the new or expanded cost-effective EE programs or measures would lead to a reduction in the overall cost of electric service.

    (E) Analysis of how the cost of procuring additional cost-effective EE measures compares over the life of the measures to the prevailing cost of comparable supply.

    10.1. How should the additional information required of the utilities in the IPA's procurement of EE programs and measures under Section 16-111.5B(a)(3)(D)-(E) be used? For example, should this additional information be used to exclude EE programs from IPA consideration?
    - **Section 16-111.5B(a)(3)(D) can be interpreted as the Utility Cost Test ("UCT").[105]**
    - **Section 16-111.5B(a)(3)(D) should be calculated for each program.[107]**
    - **Section 16-111.5B(a)(3)(E) can be interpreted as the Total Resource Cost ("TRC") test.[110]**
    - **The Commission should determine how the additional information provided pursuant to Section 16-111.5B(a)(3)(D)-(E) should be used (i.e., litigate).[113]**

2016-17 IPA

Sector	Program	Program Type	Measure Subset	Bidder Proposed NTG	ODC Rec	
RES	Honeywell - HVAC TuneUp Plus	Res HVAC tune ups plus t-stat installation	Tune-ups	84%	58%	Based on Ameren Missouri 2014 evaluation for similar program with same implementer.
			T-stat	96%	86%	Based on Ameren Missouri 2014 evaluation for similar program with same implementer.
RES	CLEAResult - Community-Based CFL Distribution	CFL kit distribution to income-qualified customers		100%	100%	Based on Ameren Missouri 2013 evaluation for similar program
RES	CSG - All Electric Homes	Measure installation in all-electric homes	CFL	73%	76%	Based on PY6 evaluation of AEH
			Aerator	100%	76%	Based on PY6 evaluation of AEH
			Insulation/HVAC	99%	102%	Based on PY6 evaluation of AEH
RES	Opower - Electric Only Behavior Mod	Behavior Mod in all-electric homes	All	100%	100%	Billing analysis used to determine net savings.
RES	Opower - Peak Focused Behavior Mod	Behavioral demand response program	All	100%	100%	Billing analysis used to determine net savings.
RES	Accelerate Group - CUB Energy Saver	Opt-in behavior mod	All	100%	100%	Contingent on implementation, participation and data availability, but we anticipate using billing analysis to determine net savings.

2016-17 IPA

Sector	Program	Program Type	Measure Subset	Bidder Proposed NTG	ODC Rec	Source/Notes
C&I	360 Energy - Public HVAC Optimization	Public sector HVAC optimization	All	100%	100%	EM&V Report: RCA Verification Program for New and Existing Residential and Commercial Air Conditioners by Aloha Systems
C&I	360 Energy - Private HVAC Optimization	Private sector HVAC optimization	All	100%	100%	EM&V Report: RCA Verification Program for New and Existing Residential and Commercial Air Conditioners by Aloha Systems
C&I	360 Energy - Public LED Lighting	Public sector LED lighting audits	All	100%	89%	Ameren PY6 SBDI NTGR
C&I	360 Energy - Private LED Lighting	Private sector LED lighting audits	All	100%	89%	Ameren PY6 SBDI NTGR
C&I	GDS - Small Commercial Lit Signage	SBDI - LED lit signage	All	75%	89%	Based on AIC PY6 Evaluation of SBDI
C&I	GDS - Public Facility Engangement	Audit then install of measures in public buildings	All	89%	98%	PY5 DCEO Evaluation of Illinois Energy Now Green Nozzle and Savings Through Efficient Products Programs
C&I	MEEA - Savings Through Efficient Products	Free measures to public facilities (current DCEO program)	All	99%	98%	PY5 DCEO Evaluation of Illinois Energy Now Green Nozzle and Savings Through Efficient Products Programs
C&I	Agentis - Energy in Focus	Business behavior mod	All	100%	100%	Professional judgement
C&I	Weidt Group - Commercial Design Optimizer	Business new construction design optimization	All	100%	80%	ComEd Commercial & Industrial New Construction Service EPY6 and GPY3 Evaluation Report
C&I	GDS - Agricultural EE	Agricultural targeted measures	All	55%	60%	Evaluation, Measurement and Verification Report California Multi Measure Farm Program 1354-04 and 1360-04
C&I	Power TakeOff - Monitoring Based Commissioning (MBCx)	Small business behavioral savings through monitoring	All	90%	100%	Professional judgement
C&I	Nexant - HVAC Check-Up	Business HVAC tune up	All	89%	100%	EM&V Report: RCA Verification Program for New and Existing Residential and Commercial Air Conditioners by Aloha Systems
C&I	Matrix - LED Linear Lighting for Small Facilities	SBDI of linear LEDs	All	91%	89%	Based on AIC PY6 Evaluation of SBDI
C&I	Matrix - Demand Based Ventilation Fan Control for Facilities w/ High Occupany Variability	SBDI of demand based ventilation fan control for facilities with high occupancy variability	All	87%	89%	Based on AIC PY6 Evaluation of SBDI

Appendix 7: Program Descriptions

PROGRAM	Community-based CFL Distribution Program
Program Description	The community-based CFL distribution program will involve the partnership of AIC and CLEAResult to provide ENERGY STAR® certified CFLs to Feeding America affiliated food banks using their targeted network of local agencies across the AIC territory. The program targets residential (low-income) utility customers.
Delivery Strategy	Program Duration: June 1, 2016 – May 31, 2017 Through this program, AIC will lessen the financial burden on economically disadvantaged families by providing ENERGY STAR certified CFLs directly to customers through local food bank networks. Services can include: **Enrolling program partners** - we will target only food banks deeply embedded within AIC's eligible service area. **Bulb procurement** - upon final determination of the number of bulbs and approval of the branded box design, CLEAResult will order the bulbs for delivery to the food banks. **Kick-off media event** - If AIC elects to have a media event to kick off the program, CLEAResult will serve as the liaison for event coordination. **Distribution** - the media event will kick off the distribution, though CLEAResult will work with the food banks to ensure proper bulb allocations. **Tracking and Reporting** – we will evaluate all of the actions taken over the course of the distributions and will work with AIC to utilize the most appropriate format of reporting options.
Target Market	Residential low-income AIC customers.
Marketing Strategy	Marketing for the Community-based CFL Distribution Program will involve direct solicitation to prospective food bank partners. We will work with AIC at the outset to determine (by ZIP code) the agencies that will be eligible for participation. The program will be launched to a targeted geographic area and demographic of AIC's customer base. We will also collaborate with AIC and participating agencies to devise the most effective distribution/advertising materials (e.g., news advisories, press releases, social media content, etc.). Distributions can also be based around other pre-existing food bank and/or AIC community initiatives to garner increased media attention.

Eligible Measures

Proposed Measure	Estimated Annual Units	Incentive per Unit	Gross Annual kWh Savings per Measure	Gross kW Demand Savings per Measure	Total Annual Gross kWh Savings	Total kW Demand Savings
13W ENERGY STAR® Standard Spiral CFL	630,000	$1.55	17.668	0.00197	11,130,649.992	1,243.887

Number of bulbs is a rounded estimate based upon preliminary information. Savings information is based upon the 2014 Illinois TRM (kWh savings for a 13W CFL, with no leakage calculation is 17.67). Leakage was not figured into the computation because, by design, there is no leakage associated with this program.

Program Targets

Estimated Budget	2016-2017
Incentives	$976,500
Total	$976,500

Category	2016-2017
Gross kWh	11,130,649.992
Net-to-Gross	1.0
Net kWh	11,130,649.992

PROGRAM	**Public Sector Enhanced HVAC Optimization Program**
Program Description	The Proposed Public Sector Enhanced HVAC Optimization Program will provide free enhanced maintenance services focused on returning poorly maintained HVAC equipment (5 to 25 tons in capacity) back to peak operational efficiency. The program will be delivered through a network of approved service providers who will bring qualified leads to the program and perform the tune-ups. Program staff will identify additional retro- commissioning type measures while on-site which will be quantified and presented to the client for implementation. Measurement and Verification will be conducted for a statistically significant sample of tune-ups. The program will be offered for free to the clients. Working through a network of local HVAC contractors and providing a free service will streamline customer acquisition for this typically hard to reach customer segment. Customers will be able to have their HVAC equipment quickly tuned-up for free and will get a list of pro-active energy efficiency opportunities to implement that will keep their building operating at maximum efficiency as well as bringing it up to current codes and standards.
Delivery Strategy	Program Duration: June 2016 – May 2017 Key elements of the Public Sector Enhanced HVAC Optimization Program delivery strategy include:
	• **Approved Service Providers**: Program staff will recruit a network of local HVAC contractors who have clients and connections that would be a good fit for the Program. Service Providers will then easily be able to bring in quality leads and perform program tune-ups, reducing the need for costly client development. • **Existing Relationships**: As a Program Administrator for DCEO, 360 Energy Group has strong relationships with the public sector across Ameren Illinois' territory which will facilitate rapid program uptake by the target market. • **Free Service**: Providing the initial tune-up for free will allow us to easily engage this difficult to hit market and get in the door to identify and recommend other energy efficiency projects
Target Market	Public Sector facilities (under 150 kW) with 5-25 ton packaged rooftop units or split systems that have not completed preventative maintenance over the last 3 years.
Marketing Strategy	The Program will be predominantly marketed through existing client relationships and approved service provider contacts and clients. Messaging will emphasize the free program and the opportunity to save energy while dealing with deferred maintenance. Marketing will focus on phone and email communication though brochures or other marketing collateral will be created if necessary. 360 Energy Group will create program material to provide to potential service providers to help them understand the full program process and get them on-board.

Eligible Measures	In addition to the free HVAC equipment tune-up, Program Staff will identify additional Retro-commissioning type energy efficiency measures while on-site that will be presented to client for implementation. The program will provide incentives for implementing these measures. The following expectations and assumptions have been utilized for planning purposes, including the base rebate levels listed below:

Public Sector – Public Sector Enhanced HVAC Optimization Program

Measure	Incentive per Unit	Gross Annual kWh Savings	Gross kW Savings	Annual BTU Electric Savings	Effective Useful Life	Incremental Cost
Enhanced HVAC Tune-up	$0.00	2,719.0	2.08	9,277,613	3	$300.00
Demand Controlled Ventilation on RTU	$235.32	1,961.0	0	6,691,210	10	$1,500.00
HVAC Scheduling/Setbacks	$0.00	8,784.0	0	29,972,252	8	$70.34
Enthalpy Economizer Optimization	$541.80	4,515.0	0.58	15,405,819	10	$1,500.00
Dynamic Cycle Management	$274.20	2,285.0	0	7,796,744	10	$1,063.00
Notched V Belt for Supply Fan	$0.00	241.9	0.1051	825,397	10.4	$20.00

Program Targets

Installations

Measure	2016 Participation/Units
Enhanced HVAC Tune-up	500
Demand Controlled Ventilation on RTU	250
HVAC Scheduling/Setbacks	500
Enthalpy Economizer Optimization	200
Dynamic Cycle Management	250
Notched V Belt for Supply Fan	500

Estimated Electric Budget

Category	2016
Incentives	$850,000.00
Admin	$150,000.00
Total	$1,000,000.00

MWh Savings

Category	2016
Gross MWh	7,836.95
Net-to-Gross	0.89
Net MWh	6,974.89

Program Cost –Effectiveness

Program	TRC
Public Sector Enhanced HVAC Optimization Program	Cannot be calculated without AIC numbers

PROGRAM	**Private Sector Enhanced HVAC Optimization Program**
Program Description	The Proposed Private Sector Enhanced HVAC Optimization Program will provide free enhanced maintenance services focused on returning poorly maintained HVAC equipment (5 to 25 tons in capacity) back to peak operational efficiency. The program will be delivered through a network of approved service providers who will bring qualified leads to the program and perform the tune-ups. Program staff will identify additional retro-commissioning type measures while on-site which will be quantified and presented to the client for implementation. Measurement and Verification will be conducted for a statistically significant sample of tune-ups. The program will be offered for free to the clients. Working through a network of local HVAC contractors and providing a free service will streamline customer acquisition for this typically hard to reach customer segment. Customers will be able to have their HVAC equipment quickly tuned-up for free and will get a list of pro-active energy efficiency opportunities to implement that will keep their building operating at maximum efficiency as well as bringing it up to current codes and standards.
Delivery Strategy	Program Duration: June 2016 – May 2017 Key elements of the Private Sector Enhanced HVAC Optimization Program delivery strategy include: • **Approved Service Providers**: Program staff will recruit a network of local HVAC contractors who have clients and connections that would be a good fit for the Program. Service Providers will then easily be able to bring in quality leads and perform program tune-ups, reducing the need for costly client development. • **Existing Relationships**: As a Program Administrator for DCEO, 360 Energy Group has strong relationships with private businesses across Ameren Illinois' territory which will facilitate rapid program uptake by the target market. • **Free Service**: Providing the initial tune-up for free will allow us to easily engage this difficult to hit market and get in the door to identify and recommend other energy efficiency projects
Target Market	Small to mid-Commercial facilities (under 150 kW) with 5-25 ton packaged rooftop units or split systems that have not completed preventative maintenance over the last 3 years.
Marketing Strategy	The Program will be predominantly marketed through existing client relationships and approved service provider contacts and clients. Messaging will emphasize the free program and the opportunity to save energy while dealing with deferred maintenance. Marketing will focus on phone and email communication though brochures or other marketing collateral will be created if necessary. 360 Energy Group will create program material to provide to potential service providers to help them understand the full program process and get them on-board.

Eligible Measures

In addition to the free HVAC equipment tune-up, Program Staff will identify additional Retro-commissioning type energy efficiency measures while on-site that will be presented to client for implementation. The program will provide incentives for implementing these measures. The following expectations and assumptions have been utilized for planning purposes, including the base rebate levels listed below:

Small to Mid-Commercial Buildings – Private Sector Enhanced HVAC Optimization Program

Measure	Incentive per Unit	Gross Annual kWh Savings	Gross kW Savings	Annual BTU Electric Savings	Effective Useful Life	Incremental Cost
Enhanced HVAC Tune-up	$0.00	2,719.0	2.08	9,277,613	3	$300.00
Demand Controlled Ventilation on RTU	$235.32	1,961.0	0	6,691,210	10	$1,500.00
HVAC Scheduling/Setbacks	$0.00	8,784.0	0	29,972,252	8	$70.34
Enthalpy Economizer Optimization	$541.80	4,515.0	0.58	15,405,819	10	$1,500.00
Dynamic Cycle Management	$274.20	2,285.0	0	7,796,744	10	$1,063.00
Notched V Belt for Supply Fan	$0.00	241.9	0.1051	825,397	10.4	$20.00

Program Targets

Installations

Measure	2016 Participation/Units
Enhanced HVAC Tune-up	500
Demand Controlled Ventilation on RTU	250
HVAC Scheduling/Setbacks	500
Enthalpy Economized Optimization	200
Dynamic Cycle Management	250
Notched V Belt for Supply Fan	500

Estimated Electric Budget

Category	2016
Incentives	$850,000.00
Admin	$150,000.00
Total	$1,000,000.00

MWh Savings

Category	2016
Gross MWh	7,836.95
Net-to-Gross	0.89
Net MWh	6,974.89

Program Cost –Effectiveness

Program	TRC
Private Sector Enhanced HVAC Optimization Program	Cannot be calculated without AIC numbers

PROGRAM	**Small commercial lit signage direct install**
PROGRAM DESCRIPTION	GDS Associates will act as the prime contractor to implement the program, with support from Staples Energy and a pool of approved local Program Allies throughout the Ameren Illinois territory. The program aims to provide small commercial electric customers with immediate energy savings through the direct installation of energy efficiency measures. The program will focus on signage lighting for businesses and billboard lighting. The program will entail an assessment of current lighting, and suggested replacement of existing inefficient fixtures and lamps with new, more efficient fixtures and lamps through the use of a direct install program (Program Allies will be paid directly).
DELIVERY STRATEGY	Program Duration: June 1, 2016 – May 31, 2017 Eligible customers will receive a free lighting assessment from a Small Business Energy Advisor (SBEA) or Small Business Program Ally (SBPA). The assessment will identify opportunities to upgrade existing signage lighting with more energy efficient lighting through eligible program measures. Customers could be responsible for a small co-payment, depending on the project scope, and SBPAs will be paid the incentive directly. The GDS Team has been successfully using the Energy SnapShot™ tool, an iPad-based program tracking application, which interfaces with the Amplify platform already in use by the main ActOnEnergy Business Program. The Energy SnapShot™ tool was used successfully by ActOnEnergy Small Business Direct Install team members in PY6 and PY7 to conduct lighting assessments, provide energy assessment reports to customers, assign work orders to Program Allies, and manage the pipeline status of each project. Information captured by the Energy SnapShot™ tool connects directly to the Ameren Illinois customer accounts in Amplify to provide real-time reporting capabilities to monitor program savings and incentive status. The Energy SnapShot™ tool is tailored to the ActOnEnergy Program to gather the necessary customer and project information, and has the ability to be revised to meet program needs, such as adding or removing measures, or updating savings or incentive levels.
TARGET MARKET	Potential customers include small commercial electric accounts such as chain restaurants, particularly fast food and locations with drive thru menu boards; banks; small retail and services; offices; gas stations and convenience stores; car dealerships; strip malls; hotels and motels; churches; self-storage facilities; funeral homes; municipal customers; and membership organizations such as VFW, Moose Lodge, etc. In addition to eligible customers, the program would also target advertising associations in Illinois as well associations with connections in Ameren Illinois territory, in order to reach a broad potential customer base that might not be accessible through traditional outreach methods.
MARKETING STRATEGY	Outreach to customers will occur via cold calls, direct mail pieces, word of mouth, and community meetings, such as chambers of commerce and rotary clubs. Information will be available to customers via the ActOnEnergy.com website, brochures, case studies, and other marketing material. Similar to how previous successful ActOnEnergy Direct Install programs have been

	introduced, initial openings of the program in targeted areas with a large number of potential customers will allow for a quick rollout with an eager audience.
ELIGIBLE MEASURES	**Direct installation measures include:** 18W PAR38 LED lamp 17W PAR38 LED lamp 13W PAR30 LED lamp 100W PAR38 LED lamp 17W BR40 LED lamp 14W PAR30 LED lamp 13W LED goose neck luminaire 30W dusk to dawn LED luminaire 120W LED flood fixture 50W LED flood fixture 15W LED flood fixture 25W LED flood fixture Cabinet sign LED retrofit kit 120W LED retrofit kit 320W LED retrofit kit 60W LED retrofit kit 75W LED retrofit kit 155W LED retrofit kit Channel letter LED retrofit kit
PROGRAM TARGETS	**Estimated Electric Budget** **Category** / **PY9** Incentives — $1,486,000 Admin — $524,000 **Total** — **$2,000,000** **MWh Savings** **Category** / **PY9** Gross MWh — 9,527 Net-to-Gross — 75% Net MWh — 7,145 **Program** / **TRC (Est.)**

	Small Commercial Lit Signage Direct Install	1.52

PROGRAM Program Description	**HVAC Check-Up** The HVAC Check-Up program will help small business customers save energy in their HVAC system by sending customers qualified trade allies to check their rooftop units (RTUs) and install and schedule programmable thermostats. As part of the check-up, trade allies will identify additional HVAC incentives for which the customer qualifies. If the customer selects any additional measures, the trade ally will schedule another visit to complete installation.
Delivery Strategy	Key elements of the HVAC Check-Up program delivery strategy include: ▪ **Program-qualified trade allies:** The program will recruit and train qualified HVAC contractors to become program trade allies. ▪ **Customer outreach:** The program will conduct marketing and outreach directly to customers using a variety of marketing channels. Customers who want a free HVAC check-up and programmable thermostat can sign up for a visit from their local trade ally. ▪ **Project inspections:** The program will inspect a minimum number of trade ally projects to ensure that the customer has received quality service, the measures qualify for incentives, and the energy savings estimates are accurate.
Target Market	Small business customers with rooftop units. The program will also target customer segments like offices, religious institutions, and convenience stores.

Marketing Strategy	The program will market directly to customers using multiple touch points. Some marketing channels include: ▪ Media Relations ▪ Digital: Online Social Networks ▪ Targeted Campaign ▪ Open House Events ▪ Word-of-Mouth and Referrals ▪ Trade Shows and Presentations The program will develop collateral to facilitate program education and marketing at each touch point. Each audience segment will be targeted with a clear, tailored message that triggers customer action. This message takes into account that each market is unique and requires a sophisticated approach to overcome barriers, drive participation, and command brand loyalty. Marketing efforts will also be directed a trade allies in order to educate them about the program, involve them in marketing activities, and support their own customer marketing and outreach efforts.
Eligible Measures	The HVAC Check-Up program will offer HVAC measures focused primarily on rooftop units (RTUs). Measures will include both tune-up services and equipment retrofits or replacements.
Program Targets	AIC may revise incentive amounts as the market dictates. However, the following expectations have been utilized for planning purposes, including the incentive budget listed below: Admin Budget: $ 688,952.00 Incentive Budget: $ 332,515.01

PROGRAM	**Linear LED Lighting for Small Facilities**
Program Description	The program will be implemented through Matrix Energy Services, a prime contractor, to LED linear lighting in small facilities with long operating hours, that are open 12, 18 to 24 hours a day The services provided through the program will encompass all aspects of project implementation, starting from strategic planning; identification of eligible customers; identification of program applicability through audits; installation of Linear LED Lighting; and post installation inspections. The program will involve Lighting end-use only. This program furnishes the hard-to-reach customers with the latest technology available today. Participation in the program will require small co-pay.
Delivery Strategy	Program Duration: June 2016 – May 2017 The delivery/installation of this measure will have the following key elements: • The Program will contain marketing campaigns (mailings, fliers, follow-up calls, face-to-face meetings with decision makers, etc.), energy assessments of the qualifying facilities, installation of the Linear LED bulbs, and post-installation inspections.

- The program will be marketed to the corporate level management for chain facilities and to the owners/decision makers of individual facilities. Once the program and its benefits are explained to the customers, the program can gain their commitment to proceed with installation of this cost-effective measure that produces new and persistent energy-savings. Having the customer incentives as an important program element will greatly help in committing interested customers.
- To overcome the upfront cost of copay, the contractor offers zero-interest financing plan, with small monthly payments.

Target Market

Small business facilities with long operating hours (18 to 24 hrs.) who have not been declared competitive and whose monthly demand is less than 150 kW. The customers that would most likely qualify for the program include convenience stores, fast food establishments and small diners, gas stations, indoor garages, first aid clinics, and coin-operated laundromats. Also, some state-, city- and local-government-operated facilities could benefit from this program. These would include police and fire departments, enclosed parking structures and other municipal facilities.

Marketing Strategy

The program uses a targeted and direct approach to get the attention of small business owners.

For individually-owned facilities, contractor will market the program to the decision maker of the facility face-to-face, and for the chain-owned facilities to the corporate level officers. The contractor will request a meeting with the facility owner or a corporate officer and their service and maintenance engineer. In such scheduled meetings, the program benefits will be presented and the reduction in their electric bills, as well as the available program incentives will be emphasized.

The program will employ various marketing channels, such as mailings, follow-up calls, website referrals, face-to-face visits, and scheduled meetings with the decision makers. Call Center staff will be trained and provided with program collateral.

Eligible Measures

The program will provide the following energy saving measures. The measure quantities assumptions have been made for planning purpose.

Linear LED Lighting for Small Facilities

Measure	Incentive Per Unit	Gross Annual kWh	Gross kW Savings/	Annual BTU Electric Savings	Effective Useful Life	Incremental Cost
4ft, 12W LED T8 Lamp (24hr)	$32.25	202	0.018	2,015,900	5.7	$32.25
4ft, 12W LED T8 Lamp (18hr)	$24.25	151	0.018	1,511,900	7.6	$32.25
4ft, 12W LED T8 Lamp (12hr)	$16.25	101	0.018	1,007,900	11.4	$32.25

Program Targets

Installations

Measure	PY9 Installations	Total Installations
4ft, 12W LED T8 Lamp (24hr)	33,000	33,000
4ft, 12W LED T8 Lamp (18hr)	39,000	39,000
4ft, 12W LED T8 Lamp (12hr)	48,000	48,000

Estimated Electric Budget

Category	PY9	Total
Incentive	$697,500.00	$697,500.00
Admin	$2,092,500.00	$2,092,500.00
Total	**$2,790,000.00**	**$2,790,000.00**

MWh Savings

Category	PY9	Total
Gross MWh	17,387	17,387
Net-to-Gross	0.91	0.91
Net MWH	15,822	15,822

Program Cost-Effectiveness

Program	TRC
Linear LED Lighting for Small Facilities	1.67

PROGRAM	Demand Based Ventilation Fan Control (DBVFC) Program
Program Description	The program will be implemented through Matrix Energy Services, a prime contractor, to install DBVFC technology in restaurants and fitness centers. The services provided through the program will encompass all aspects of project implementation, starting from strategic planning; identification of eligible customers; identification of program applicability through energy audits; installation of Demand Based Ventilation Fan Control technology; and post installation inspections. The program will involve HVAC end-use only. This program is needed because currently there are no energy efficiency programs that address ventilation fans' operations efficiency. The DBVFC saves energy by turning the fan motor off at the time of low occupancy, thereby reducing the need to heat or cool unnecessary outside air brought into the building, as well as reducing fan use.
Delivery Strategy	Program Duration: June 2016 – May 2017 The delivery/installation of this measure will be as follows: 1) For each system with demand control ventilation, CO2 sensors shall be installed in each room that meets the criteria of Section 121(c).3 with no less than one sensor per 10,000 ft² of floor space. When a zone or a space is served by more than one sensor, a signal from any sensor indicating that CO2 is near or at the set point within a space, shall trigger an increase in ventilation to the space. 2) CO2 sensors shall be located in the room within 3 feet and 6 feet above the floor or at the anticipated height of the occupants' heads.

3) Demand ventilation controls shall maintain CO2 concentrations at less than or equal to 600 ppm plus the outdoor air CO2 concentration in all rooms with CO2 sensors.

4) Outdoor air CO2 concentration shall be assumed to be 400 ppm.

5) When the system is operating during hours of expected occupancy, the controls shall maintain system outdoor air ventilation rates at no less than the rate listed in Table 121-A times the conditioned floor area for spaces with CO2 sensors, plus the rate required by Section 121(b).2 for other spaces served by the system, or the exhaust air rate whichever is greater. (The referenced sections are from California Energy Code, CCR, T24, Part 6.)

6) CO2 sensors shall be certified by the manufacturer to be accurate within plus or minus 75 ppm at a 600 and 1000 ppm concentration when measured at sea level and 25° Celsius, factory calibrated or calibrated at start-up, and certified by the manufacturer to require calibration no more frequently than once every five years. Upon detection of sensor failure, the system shall provide a signal which resets to supply the minimum quantity of outside air to the levels required by Section 121(b).2 to the zone serviced by the sensor at all times that the zone is occupied.

7) The CO2 sensor(s) reading for each zone shall be displayed continuously, and shall be recorded on systems with DDC to the zone level, if DDC exists.

8) Demand control ventilation systems required by Section 121(c).3 shall be tested in accordance with NA7.5.5 to certify compliance with the Acceptance Requirements of Section 125(a).5.

Target Market

Restaurants and fitness centers with long operating hours and highly variable occupancy, who have not been declared competitive and whose monthly demand is less than 150 kW.

Marketing Strategy

The program will employ various marketing channels, such as mailings, follow-up calls, website referrals, face-to-face visits, and scheduled meetings with the decision makers. Call Center staff will be trained and provided with program collateral.

Eligible Measures

The program will provide the following energy saving measures. The measure quantities assumptions have been made for planning purpose.

Demand Based Ventillation Fan Control

Measure	Incentive Per Unit	Gross Annual kWh Savings/Unit	Gross Therm Savings/Unit	Annual BTU Electric Savings	Effective Useful Life	Incremental Cost
Demand-Based Ventilation Fan Controller (24-hr bus) (per nameplate ton)	$115.00	663	65.000	663,000	15	$115.00
Demand-Based Ventilation Fan Controller (18-hr bus) (per nameplate ton)	$115.00	590	65.000	590,000	15	$115.00

Program Targets

Installations

Measure	PY9 Installations	Total Installations
Demand-Based Ventilation Fan Controller (24-hr bus) (per nameplate ton)	3,297	3,297
Demand-Based Ventilation Fan Controller (18-hr bus) (per nameplate ton)	6,099	6,099

Estimated Electric Budget

Category	PY9	Total
Incentive	$787,751.39	$787,751.39
Admin	$292,840.61	$292,840.61
Total	**$1,080,592.00**	**$1,080,592.00**

Program MWh and Therm Savings

Total Gross MWh	NTG	Toal Net MWH	Total Gross Therms	NTG	Total Net Therms
5,784,541	0.87	5,032,551	427,150	0.87	371,621

Program Cost-Effectiveness

Program	TRC
Demand Based Ventillation Fan Control	3.07

	Residential Behavior Modification Program
Program Description	The Behavior Modification Program relies on providing customers with a comparison of their energy usage to that of similar homes within proximity of the report recipient. A similar home does not necessarily refer to a next-door neighbor, but rather a household with similar characteristics in terms of square footage, geographical location, and heating fuel. Home Energy Reports will be mailed to targeted residential customers on a recurring basis for the duration of the program, with exact frequencies mutually agreed to prior to first mailing. The energy and program participation data for this implementation will be provided on an ongoing basis by Ameren and will be combined with third party data to build comprehensive profiles of each participating customer. In addition to the Home Energy Reports, a customer service interface with give customer service representatives online access to the full history of Home Energy Reports delivered to customers. A customer-facing website will provide customers online access to their Home Energy Report, online benchmarking, audit-like functionality, and access to additional energy efficiency information beyond that presented on the direct-mailed report. E-mail reports will be sent monthly to qualifying households to increase overall savings from the program.

Delivery Strategy	Program Duration: June 2016 to May 2017 AIC will use a third-party contractor to implement the program. Key implementation steps and processes include but are not limited to: • Home Energy Reports will be mailed to targeted residential customers on a recurring basis for the duration of the program. • The energy and program participation data for this implementation will be provided on an ongoing basis by Ameren and will be combined with third-party data to build comprehensive profiles for each participating customer. • In addition to the Home Energy Reports, customers will receive access to a website and e-mail Home Energy Reports. Ameren customer service representatives will get access to a customer service interface which provides full online history of Home Energy Reports delivered to customers and analytics on customers' energy consumption.
Target Market	Ameren's contractor will perform historical energy usage, demographic, and geographic research, in conjunction with Ameren, to identify the regions of Ameren Illinois' territory best suited to deploy the program. Zip codes, city, and county boundaries will be considered so as to optimize data coverage and ensure speedy deployment.
Marketing Strategy	Use energy, housing, demographic, and available past program participation data to design a multi-dimensional segmentation plan of potential customers base on: • Energy consumption patterns (e.g., normalized high seasonal peak, high base load, etc.) • Housing data (e.g., age of house, size of house, value of home, type of construction, presence of a pool, presence of a garage) • Past program participation and rebate redemption (e.g., ENERGY STAR and other rebates, rate programs, etc.) if available • Demographic data (e.g., renter vs. homeowner, presence of children in the household, indicators of interest in environmental issues, age of customer, duration of residence, socioeconomic/income levels, as available) Identify high-potential prospects for program marketing by profiling historical participants and available historical marketing campaign results.
Eligible Measures	The program focuses on energy consumption behavior changes that result in reduced electricity and natural gas consumption. As such, the overall metric is reduced monthly/annual energy consumption. There are no specific energy efficiency measures associated with the program or corresponding incentives.

Program Targets

50K homes: Maximizing cost-effective energy savings

This option delivers the maximum cost-effective electric savings.

For PY9, this option will generate 7,780 MWh of savings. Anticipated demand savings are based on average peak-day savings between the hours of 3-7 PM in summer months.

	Number of Households	PY9 Savings (MWh)	PY9 Savings (MW)
New electric-only households	50,000	7,780	1.67

PROGRAM

Implementation of an Agriculture Energy Efficiency Program

PROGRAM DESCRIPTION

This program is designed to be delivered to residential and small commercial agriculture customers in Ameren Illinois utility territory. The program will be delivered by qualified agriculture energy advisors through the completion of customized ASABE Tier 2 farm energy management plans to give interested agriculture customers information on energy efficiency measures that will decrease overall farm energy use, as well as potential incentives to help decrease implementation costs. The energy advisors will work with the network of agriculture equipment dealers, local agriculture associations, etc. in the region to ensure that equipment installation is done per recommendations in the energy management plans to ensure energy efficiency estimates are met.

The program is designed to help decrease barriers by working with experts in the industry (equipment dealers, trade associations, extension agents) that have the most contact with agriculture customers, which are generally a hard to reach market due to proximity of one farm to the next. In general, the agriculture market is made up of many entrepreneurial individuals. They wear many hats and energy is not always at the top of their "to-do" list. The GDS team is skilled at working with agricultural producers and has historical success in getting these customers to move forward with energy efficiency projects. GDS knows what motivates these customers and how to customize solutions for this market that work with their production needs and fit with their business approach. Additional barriers of upfront costs will be addressed through opportunities for incentives/rebates/funding both within and outside the Ameren Illinois Energy Efficiency program.

DELIVERY STRATEGY	Program Duration: June 2016 – May 2017 Key elements of the Agriculture Energy Efficiency Program delivery strategy include: GDS Associates will begin by targeting agriculture facilities that have the largest potential for energy savings (specifically electric savings). This would include dairy, swine, and poultry operations, as well as greenhouse, grain drying, irrigation (crop and orchard), and produce growers and processors. Other agriculture customers will also be eligible as long as they are considered an agriculture producer per SIC codes and are Ameren Illinois DS-2 or DS-1 customers. GDS Associates' qualified agriculture energy advisors will work closely with local extension agents, local agriculture groups and associations, agriculture equipment dealers, and others to deliver agriculture energy management plans to qualifying customers and help move them forward with implementation as well as applying for potential incentives/rebates/funding that may be available to help offset initial implementation costs. GDS Associates will develop and implement a marketing strategy to include disseminating information to the hard to reach agriculture market including information on the availability of the program, eligibility requirements of the program, as well as the availability of incentives within and outside the program.
TARGET MARKET	Due to the diversity of the agricultural market, a successful energy efficiency program must provide solutions relevant to the needs of various segments. The program proposed by GDS Associates will target specific segments of Illinois' agribusiness market within the residential and small commercial Ameren Illinois customer base that currently hold an FSA Farm ID Number or can be physically verified as agribusiness, including, but not limited to: dairy farms, poultry farms, swine operations, nursery, greenhouse, floriculture, sod farms, fruit tree farms, vegetable farms, and tobacco operations.

MARKETING STRATEGY	The primary goals of the marketing strategy are to encourage Ameren Illinois agricultural customers to engage in energy efficiency and solidify Ameren Illinois' image as a trusted energy advisor. The geographic scope of the marketing and outreach effort will ensure that the targeted segments of the agricultural market throughout Ameren Illinois' service territory are made aware of the program and how to access more information or participate. Effective marketing will occur through segmentation of the market into key groups, and tailoring messages to meet the needs and priorities of the different agricultural audiences. The messaging developed by GDS Associates will address the primary benefits of energy efficiency relevant to this market – lowering operating costs – and emphasize how the program will help agricultural customers overcome the biggest barrier to energy efficiency action, which is the cost of the project. Messages will highlight topics of importance to producers, particularly how energy efficiency can improve production and increase revenues while saving money. GDS Associates will use its existing relationships with contractors and the Program Ally network to increase awareness and interest in this program through ongoing email communications, webinars, and attendance at contractor events and in-person visits. GDS will work with Program Allies to develop promotional materials to support the sale of energy efficient agricultural equipment and designs.
ELIGIBLE MEASURES	In addition to customized agriculture energy management plans to give customers the necessary information regarding options for decreasing energy use, the program will provide incentives to customers installing qualifying electric saving measures. **Eligible measures include:** • Building Envelope - Sealant (NRCS) • Circulation Fans • Controller - Multiple Function Automatic Controller System (NRCS) • Controller - Single Function Automatic Controller System (NRCS) • Controller - Variable Speed Drive (NRCS) • Dairy VFD on Well Water Pumping • Dairy Heat Recovery • Dairy Milk Cooling - Custom • Dairy VFD on Vacuum Pumps • Engine block heater timer for agricultural equipment • Heating - Radiant Systems (NRCS) • HVLS Fans • Lighting - LED Fixtures • Lighting - LED Lamps • Lighting - Linear Fluorescent • Lighting - Outdoor/High Bay • Livestock Waterer • Motor - ≤ 1 to <50 HP Electric Motor Upgrade (NRCS) • Poultry Controls and Building Upgrades

PROGRAM TARGETS

Estimated Electric Budget

Category	PY9
Incentives	$93,268
Admin	$214,307
Total	**$307,575**

MWh Savings

Category	PY9
Gross MWh	1,443
Net-to-Gross	0.85
Net MWh	1,228

Program Cost-Effectiveness

Program	TRC (Est.)
Agricultural Energy Efficiency Program	2.7