

Energy Efficiency in Illinois

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CURRENT STATUS AND FUTURE VISION

ANNETTE BEITEL

PRESENTATION TO

INSTITUTE FOR REGULATORY POLICY STUDIES

DECEMBER 10, 2008

Electric Energy Efficiency Framework

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- **Statute**
 - Section 12-103 of the Public Utilities Act
 - Adopts goals with rate caps
 - Goals start at 0.2% of energy delivered starting in 2008 to 2% of energy delivered starting in 2015 and beyond
- **Coordinated ICC Plan Review and Approval**
 - ICC reviewed detailed portfolio and program plans
 - All plans approved February 6, 2008
- **Three Program Administrators**
 - ComEd, Ameren (75% of funds)
 - Department of Commerce and Economic Opportunity (25% of funds)
- **Joint Stakeholder Advisory Group**
 - Program Administrators (ComEd, Ameren, DCEO), Consumer Advocates (AG, CUB); Environmental Advocates (ELPC, NRDC, Env IL); Other Key Stakeholders (MEEA, CNT, Metropolitan Mayor's Caucus; City of Chicago); ICC staff and counsel (observer status)
 - Purpose: to “review progress towards achieving the required energy efficiency and demand response goals and to continue strengthening the portfolio”
- **Independent Evaluation, Measurement and Verification – 3% statutory limit**

Gas Energy Efficiency Framework

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- **No Enabling Statute**
- **Separate ICC Proceedings**
 - Ameren filed gas efficiency plan; ICC approved programs for launch January 1, 2009
 - North Shore/Peoples Gas budget approved February 5, 2008, no filed portfolio plan
 - Nicor proceeding underway
- **Different Program Administration Structure**
 - Ameren
 - Natural Gas Governance Board
 - ✦ North Shore/Peoples Gas; Attorney General; Citizens Utility Board; Environmental Law and Policy Center; City of Chicago
- **EM&V budget/approach not specified**

Electric Energy Efficiency Programs

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- **Three-year budgets – Statewide estimated \$332 million**
 - Ameren Service Territory - \$84 million
 - ComEd's Service Territory - \$248 million
- **Ameren and ComEd Programs include:**
 - Commercial/Industrial Incentive programs (prescriptive and custom)
 - Residential Lighting and Appliance Recycling
 - Other programs launching now through Spring '09 (e.g. Home Performance, Community Partnerships, etc.)
- **DCEO**
 - Public Sector Incentive Programs
 - Low Income
 - Technical Assistance (audits)
 - Education and Training

Electric Energy Efficiency Program Results to date

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- **Several programs already “fully committed” and are meeting or exceeding targets**
 - ComEd’s Business Solutions program fully committed
 - ComEd’s Phase 1 residential lighting program exceeded goal
 - Ameren’s business programs fully committed
 - Ameren’s residential program demand is strong
 - DCEO’s funds nearly fully committed except Public Sector
- **Initial results indicate strong customer demand for programs; however goals increase each year**

Electric Energy Efficiency Programs: What's Working Well to Foster Success

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- **Extensive and Impressive Call to Action: Trade Allies; Account Representatives; Broad-Based Awareness Campaign through TV, radio, billboards, bill inserts, web, brochures**
- **Program Administrator Coordination: Program Design, Incentives, Savings Values, Stakeholder Group**
- **Stakeholder Group: Builds awareness and consensus; provides new ideas**
- **Staff-Led Workshops: Highly praised**
- **Community Partnerships: Engaging local governments and customers in program design builds awareness, interest and ownership and increases program penetration**
- **Program administrators permitted to respond to market conditions without micromanagement**

Electric Energy Efficiency Programs: Challenges

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- Three year portfolio plan approved, but year-to-year savings and budget caps causes disruptive program “stops and starts”
- Rate caps starting in 2011
- Public sector approval process longer than private sector
- Capacity
- Economy

Gas Efficiency Programs and Status

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- **Ameren**
 - Approved October 15th for January 1, 2009 launch
 - Targeted to Residential and Small Commercial
 - Complements Electric Programs and Measures
 - Three Year Budget - \$15 million
- **Chicagoland Natural Gas Saving Program**
 - “Quick Launch” date December 15
 - Targeted to Residential and Small Commercial
 - Incentives for ceiling and wall insulation, water heaters, furnaces and boilers
 - Direct measure installation for low and moderate income dwellings
 - \$7.5 million/year
- **Upcoming in January**
 - “Whole Home” pilot to achieve 30% savings for Chicago’s Climate Action Plan and develop model for co-funding gas and electric measures
 - Programs targeting specific building types e.g. bungalows
 - Community-based partnership to test marketing and outreach strategies and school-based education
- **Still planning**
 - Financing –evaluating credit enhancement versus interest rate buy-down

Gas Energy Efficiency Programs: Working Well/Challenges

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- **Working Well**
 - Ameren – Opportunity to leverage and “trail in the wake” of electric efficiency programs already launched
 - Chicagoland Natural Gas Saving Program
 - ✦ Detailed and extensive data from Chicago Climate Action Plan allows effective targeting to increase savings
 - ✦ Highly capable and helpful partners integral to portfolio and program design and launch, including CNT, MEEA, RSG, Company, Governance Board members
- **Challenges**
 - No “silver bullet” CFL or lighting measures on gas efficiency side that produce high savings at low cost
 - Chicagoland Natural Gas Saving Program
 - ✦ Extremely compressed time frame
 - ✦ Cost-Effectiveness Tool Development; Energy Savings Modeling; Portfolio/Program Design and Program Launch concurrent rather than sequential as is customary

Energy Efficiency: Future Vision

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- Efficiency as a Resource
- Efficiency First in the Loading Order - efficiency is cleanest, cheapest resource
- Offer customers integrated solutions to help them manage their energy needs, including demand response, real-time pricing and solar
- Efficiency an “All Hands Effort” – allow market to provide turn-key solutions, not just Program Administrator designed and implemented programs
- Structure legislative/regulatory framework to ensure that reported savings are consistent, measurable, and independent