**Illinois EE Stakeholder Advisory Group**

**Fuel Conversion Working Group**

**Policy Questions to Address (Draft for Review – 3/9/2021)**

**Working Group Next Steps:**

* If there are any additional questions (or sub questions) that need to be added to this list for discussion at Working Group Meeting #2, please send to the SAG Facilitator by **Monday, March 22**: Celia@CeliaJohnsonConsulting.com (note – additional questions may also be identified during future Working Group meetings)
* Following the March 22nd deadline, the SAG Facilitator will circulate Policy Questions; interested parties are requested to respond to questions by **Monday, April 19**
* SAG Facilitator will organize responses to questions and circulate in advance of Meeting #2

The following are preliminary answers based on the understanding of these questions prior to the first SAG Working Group meeting. Ameren Illinois reserves the right to revise these answers upon further discussion with the Group.

**Policy Questions – March 2021**

1. There is a 2-phase question around Section 8-103B(b-25) in the Future Energy Jobs Act (FEJA) – does the statute require the same methodology? If not, is another methodology / conversion factor more appropriate?
	1. Does Section 8-103B(b-25) relate to measures / programs that save both gas and electric for joint programs (or non-joint programs)? Yes, both joint and non-joint measures/programs. b-25) In the event an electric utility jointly offers an energy efficiency measure or program with a gas utility under plans approved under this Section and Section 8-104 of this Act, the electric utility may continue offering the program, including the gas energy efficiency measures, in the event the gas utility discontinues funding the program. In that event, the energy savings value associated with such other fuels shall be converted to electric energy savings on an equivalent Btu basis for the premises. However, the electric utility shall prioritize programs for low-income residential customers to the extent practicable. An electric utility may recover the costs of offering the gas energy efficiency measures under this subsection (b-25). For those energy efficiency measures or programs that save both electricity and other fuels but are not jointly offered with a gas utility under plans approved under this Section and Section 8-104 or not offered with an affiliated gas utility under paragraph (6) of subsection (f) of Section 8-104 of this Act, the electric utility may count savings of fuels other than electricity toward the achievement of its annual savings goal, and the energy savings value associated with such other fuels shall be converted to electric energy savings on an equivalent Btu basis at the premises (site). In no event shall more than 10% of each year's applicable annual incremental goal as defined in paragraph (7) of subsection (g) of this Section be met through savings of fuels other than electricity.
	2. Since FEJA states that claiming savings from “other fuels” is permissible for measures or programs that save both electricity and other fuels, what does that mean (specifically “*measures or programs that save both electricity and other fuels*?”)

Ameren believes that the other questions within this list of policy questions need to be answered first. In principal, Ameren would follow the TRM and only those measures, or similar, included would be eligible. Other fuels that can be beneficial to customers would be considered as part of the energy efficiency programs.

1. Should site or source savings be used for screening criteria (whether a project qualifies as an energy efficiency measure)?

In principal, Ameren Illinois would agree with source savings being used for the screening criteria to qualify whether a project can be treated an energy efficiency measure. That is, if there is an agreed methodology for screening for energy efficiency.

1. Should site or source savings (or carbon equivalency) be used for counting savings?

Ameren Illinois believes that site savings is consistent with the way other energy efficiency measures are treated by the TRM and site savings should be used for these measures. We also believe this is consistent with the FEJA legislation language in 8-103B(b-25).

* 1. Does the decision depend on whether it’s an energy conservation measure vs. a fuel switching measure?

 No. Ameren Illinois does not directly promote fuel switching but offers incentives for measures beneficial to customers.

* 1. Define “energy conservation measure

Potential definition: ***Energy conservation measures*** means measures that include the installation or replacement of items and the items installed that are primarily designed to improve the energy utilization efficiency.

* 1. Define “fuel switching”

Potential definition: **Fuel switching** refers to the practice of incentivizing replacement of a technology or appliance with one primarily driven by a different energy source, e.g., displacing oil and propane through the incentivized installation of an electric air source heat pump. (could add, in order to be energy efficient fuel-switching it would need to pass screening)

* 1. Is there a difference between switching between a regulated fuel and a non-regulated fuel?

It appears that the energy savings methodology can be used for both regulated and non-regulated fuels

1. For CHP, does the carbon equivalency need to change (given there is no methodology in the gas statute)?

The TRM CHP methodology appears to capture the intent/benefit of the measure for energy efficiency purposes

1. Should the answer to the site vs. source question be different in different use cases?

Other than CHP, measures should use site. CHP's primary benefit is to move electrical generation on-site and to capture thermal gains/efficiency in those efforts. This points towards potentially looking at CHP at the source level, which is different from the other measures captured in the TRM. Other measures should use site savings consistent with the legislation.

1. How does the site vs. source decision impact custom measures?

Custom measures should use the same framework and be as consistent as possible with prescriptive/TRM measures.

1. There may be statutory language that is applicable for defining an energy efficiency measure; once an energy efficiency measure is identified, how should the savings be calculated?

This question appears to be focused on understanding the definition within 8-103b. For reference, here is the statutory language: "Energy efficiency" means measures that reduce the amount of electricity or natural gas consumed in order to achieve a given end use. "Energy efficiency" includes voltage optimization measures that optimize the voltage at points on the electric distribution voltage system and thereby reduce electricity consumption by electric customers' end use devices. "Energy efficiency" also includes measures that reduce the total Btus of electricity, natural gas, and other fuels needed to meet the end use or uses.

1. Is there a difference between reducing consumption at the site, and eliminating a natural gas customer? Does that change how we treat the savings?

There doesn't appear to be any reason to treat these differently.

1. Are fuel switching measures limited by the 10% cap in FEJA?

Ameren Illinois believes that the 10% cap is not applicable to this discussion on fuel switching. The 10% cap is limited to the portfolio-level gas situations discussed within FEJA 8-103B(b-25).

1. Are there any differences in these conclusions depending on which fuel is being substituted?
	1. Is there a difference between switching between a regulated fuel and a non-regulated fuel?

Ameren Illinois believes that it should not matter whether the fuel is regulated versus non-regulated since energy efficiency would apply either way.

1. When is a utility allowed to claim savings from a gas to electricity fuel switch?
	1. Criteria for electric-only utilities
	2. Criteria for gas-only utilities
	3. Criteria for dual-fuel utilities

If the measure passed a source-based screening criteria, then the utility should be allowed to claim the savings from the fuel-switch. Ameren Illinois believes that they have a separate gas utility from electric utility and that the utility can fund and claim savings as a single-fuel entity.

1. If using source energy is the SAG decision, how is “source energy” or “carbon equivalency” defined for each fuel?

We agree in principal that source energy and carbon equivalency are valid constructs to calculate energy savings. We feel that we need to reach a consensus agreement on the source versus site energy question first. We would recommend a small group to come up with a summary of options once we need an answer to this question. As one example, the Hgrid methodology is one way to look at this (similar to 4.4.44 of the TRM).

* 1. What losses, if any, should be included in source energy?

Would be good to look into industry standard practice on this answer

* 1. Should historic, current or forecast be used, or a blend?
1. Is a source savings calculation required for each installation to determine whether it is an eligible efficiency measure?

Ameren Illinois believes that measures can be treated as a whole versus each installation similar to other prescriptive measures.

* 1. If yes, what if measures are delivered midstream and the existing fuel type is not collected?

A dual-fuel assumption should be made similar to other measures where the existing fuel type is unknown (e.g. 84% of homes are natural gas and 16% are electric for aerator measure)

* 1. Can source savings screening occur for most likely baseline and efficiency assumptions at the start of a program year, and if eligible, no further source screening would be required for the rest of the program year?

Ameren Illinois believes this is the preferred approach given above answers.