**Illinois EE Stakeholder Advisory Group**

**Fuel Conversion Working Group**

**Policy Questions – Request for Responses (3/23/2021)**

**Instructions for Responding to Policy Questions:**

* Interested parties are requested to respond to policy questions no later than **Monday, April 19 –** send responses to [Celia@CeliaJohnsonConsulting.com](mailto:Celia@CeliaJohnsonConsulting.com).
* Please provide responses *within this Word document*.
* The SAG Facilitator will organize responses to questions and circulate in advance of Meeting #2, scheduled on Monday, April 26.

**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)? Section 8-103B(b-25) applies to an electric utility that offered a program/measure with a gas utility and that gas utility subsequently discontinued funding the program/measure; and an electric utility that offers a dual fuel savings measure and the program/measure is not offered jointly with a gas utility. Further, the programs/measures can save other fuels - “other fuels” are fuels other than electricity and is not limited to solely gas. The first paragraph of Section 8-103B(b-25) relates to converting and claiming savings from gas measures (i.e., measures that save gas therms) originally offered through joint programs where the gas utility discontinues funding the program and the electric utility starts funding the gas savings measures. That first paragraph specifies these other fuel savings (e.g., gas therm savings) will be converted to electric kWh savings on an equivalent Btu basis at the premises. The conversion of these other fuel savings to electric kWh savings on an equivalent Btu basis at the premises has been interpreted in the IL EE Policy Manual Version 2.0 to mean that a site Btu conversion occurs. (*See* Section 11.3 Counting Fossil Fuel Savings Towards Electric Savings Goals in the IL EE Policy Manual Version 2.0, p. 49.) This first paragraph also provides that the electric utility shall prioritize programs for low-income residential customers to the extent practicable and that an electric utility may recover the costs of offering the gas energy efficiency measures under subsection (b-25). The second paragraph of Section 8-103B(b-25) relates to non-joint programs (i.e., electric utility run programs) that offer efficiency measures that save both electricity and other fuels. Specifically, the second paragraph allows for the claiming of other fuel savings from these dual fuel savings measures, and allows for the converting of the other fuel savings to electric kWh savings while counting those savings toward the electric utility savings goal. The second paragraph also provides that the conversion of the other fuel savings to electric savings for the dual fuel savings measures (i.e., measure must also save electricity) occur on an equivalent Btu basis at the premises (i.e., site Btu conversion per the IL EE Policy Manual). The third paragraph caps the amount of “other fuel savings” that can be converted to electricity savings to count toward the electric utility’s applicable annual incremental goal to no more than 10% of such goal. Section 8-103B(b-25) does not address savings from “fuel switching” measures (e.g., ASHP, GSHP), which often results in onsite impacts of increased electric consumption (i.e., negative kWh savings) and gas savings (i.e., does not result in saving both electric and gas as required under the second paragraph of (b-25)). In other words, Section 8-103B(b-25) outlines two specific instances that the premise Btu conversion methodology must be used. The ICC has discretion of which Btu conversion methodology should be used in all instances that do not fall under the two that are outlined in Section 8-103B(b-25).
   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*?”) “Other Fuels” refers to fuels other than electricity, such as gas, but is not limited to gas. If an electric utility runs a program/measure that saves fuels in addition to saving electricity, you can count those other fuel savings toward the electric utilities goal, subject to the 10% limit in the last paragraph of (b-25).
2. Should site or source savings be used for screening criteria (whether a project qualifies as an energy efficiency measure)? From a legal standpoint, either site or source could be used. The law does not specifically require one to the exclusion of the other.
3. If using source energy is the SAG decision, how is “source energy” or “carbon equivalency” defined for each fuel?
   1. What losses, if any, should be included in source energy?
   2. Should historic, current or forecast be used, or a blend?
4. Should site or source savings (or carbon equivalency) be used for counting savings?
   1. Does the decision depend on whether it’s an energy conservation measure vs. a fuel switching measure?
   2. Define “energy conservation measure”
   3. Define “fuel switching”
   4. Is there a difference between switching between a regulated fuel and a non-regulated fuel?
   5. For CHP, does the carbon equivalency need to change (given there is no methodology in the gas statute)?
   6. Should the answer to the site vs. source question be different in different use cases?
   7. How does the site vs. source decision impact custom measures?
5. 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?
6. Is there a difference between reducing consumption at the site, and eliminating a natural gas customer? Does that change how we treat the savings? No.
7. Are fuel switching measures limited by the 10% cap in FEJA?
8. 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?
9. 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
10. Is a source savings calculation required for each installation to determine whether it is an eligible efficiency measure?
    1. If yes, what if measures are delivered midstream and the existing fuel type is not collected?
    2. 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?

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| Statutory References |
| Electric utility energy efficiency definition. 20 ILCS 3855/1-10: "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. |
| Gas utility energy efficiency definition. 220 ILCS 5/8-104(b): (b) For purposes of this Section, "energy efficiency" means measures that reduce the amount of energy required to achieve a given end use. "Energy efficiency" also includes measures that reduce the total Btus of electricity and natural gas needed to meet the end use or uses. |
| 220 ILCS 5/8-103B(b-25): (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.      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. |