

Proposed Policy for Version 3.0: Electrification Cost-Effectiveness **Submitted By: Ameren Illinois**

Question 1: Proposed Policy and Rationale

Briefly describe the policy proposed to be included in Policy Manual Version 3.0, including rationale for why this policy is necessary in Illinois.

Questions to consider:

- 1. Why does this policy require inclusion in Policy Manual Version 3.0?*
- 2. What unresolved policy issue(s) will be resolved by inclusion in the Policy Manual Version 3.0?*

Background and Context

In 2016, Public Act 99-0906 established Section 8-103B, which, among other things, provided new opportunities to save energy and invest in Illinois through energy efficiency measures. Section 8-103B(a) sets forth a policy framework designed to reduce load and direct and indirect cost to consumers² using cost-effective energy efficiency measures.

In 2022, Public Act 102-0662 added subsection (b-27)³ to Section 8-103B. In summary, that subsection allows, subject to certain parameters, electric utilities to offer and promote measures that electrify space heating, water heating, cooling, drying, cooking, industrial processes, and other building and industrial end uses that would otherwise be served by combustion of fossil fuel at the premises, provided that the electrification measures reduce total energy consumption at the premises.

Proposed Policy

Given the above background and context, Ameren Illinois proposes the following policy:

There appears to be a tension between offering cost-effective energy efficiency measures to reduce load and offering cost-ineffective or close to cost-ineffective electrification measures that will increase load. Accordingly, Illinois electric utilities choosing to pursue electrification under Section 8-103B(b-27) should design and deliver

² Section 8-103B: *The low-income measures described in subsection (c) of this Section shall not be required to meet the total resource cost test.*

³Section 8-103B: *Beginning in 2022, an electric utility may offer and promote measures that electrify space heating, water heating, cooling, drying, cooking, industrial processes and other building and industrial end uses that would otherwise be served by combustion of fossil fuel at the premises, provided that the electrification measures reduce total energy consumption at the premises. Prior to installing an electrification measure, the utility shall provide a customers withan estimate of the impact of the new measure on the Customer's average monthly electric bill and total annual energy expense*

energy efficiency electrification programs that have been shown to provide significant benefit to customers choosing to switch fuels, considering cost-effectiveness.

Further details surrounding this policy may be subject to further analysis and discussion.

Question 2: Utility Impact

Describe whether the proposed policy impacts Illinois gas utilities, electric utilities, or both.

The policy proposal impacts Illinois electric and gas utilities.

Question 3: Background Research

Provide any background research completed in preparing this template, including source references and links, as applicable.

Questions to consider:

- 1. Are you aware of other jurisdictions or utilities that address this policy issue?*
- 2. Have any national or regional energy efficiency organizations addressed this policy topic? If so, please provide reports and any other relevant sources.*

See, e.g., 220 ILCS 5/8-103B

Optional Question 4: Commission Decision

Has the Illinois Commerce Commission previously addressed this policy or issue? If so, please provide language and specific citations, including the ICC docket number.

Commission staff provided input on electric measure baselines during the development of TRM Version 9.0, Docket # 20-0741. See [Policy Division Staff Report dated September 25, 2020](#).

Optional Question 5: Statutory Consistency

Have you reviewed your proposed policy against applicable Illinois law? Are there any possible conflicts? If so, please explain and provide statutory citation(s).

No, this policy proposal aligns with providing clarity in the Act.

Optional Question 6: Additional Information

Provide additional information, as needed, to assist with understanding the proposed policy issue and your request to include it in the Policy Manual Version 3.0. For example, have any memos been drafted to the SAG related to this policy proposal?

Partially. See [IL TRM v9.0 Comparison Exhibit of Non-consensus update issues memo dated September 25, 2020](#).