

**Illinois Energy Efficiency Stakeholder Advisory Group:  
Portfolio Planning Process Report  
11/3/16**

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**Disclaimer:**

By this report, SAG Facilitation is not recommending that the Commission adopt additional planning process requirements, nor adopt SAG Facilitation's process recommendations or initial stakeholder recommendations. SAG Facilitation will further discuss the planning process and all recommendations within a SAG subcommittee after the Commission issues Final Orders approving Energy Efficiency Plans.

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## **Illinois Energy Efficiency Stakeholder Advisory Group: Portfolio Planning Process Report**

### **I. Executive Summary**

The Illinois Energy Efficiency Stakeholder Advisory Group (“SAG” or “IL EE SAG”) Portfolio Planning Process (“Planning Process”) was a year-long process that involved input and participation from a broad range of stakeholders from the beginning of the three-year Energy Efficiency Plan (“EE Plan”) development, and achieved consensus stipulation agreements from all five individual Program Administrators (Ameren Illinois Company d/b/a Ameren Illinois (“Ameren Illinois”), Commonwealth Edison Company (“ComEd”), Northern Illinois Gas Company d/b/a/ Nicor Gas (“Nicor Gas”), Peoples Gas Light & Coke Company and North Shore Gas Company (“Peoples Gas – North Shore Gas”), and the Illinois Department of Commerce and Economic Opportunity (“Department”)) and non-financially interested stakeholders (Citizens Utility Board (“CUB”); Environmental Law and Policy Center (“ELPC”); Illinois Attorney General’s Office (“IL AG”); Illinois Commerce Commission Staff (“ICC Staff”); and Natural Resources Defense Council (“NRDC”)). The City of Chicago also participated in several negotiation discussions.

Besides early settlement and avoiding resource-intensive litigation, the SAG Portfolio Planning Process yielded multiple benefits:

- **Diverse Stakeholder Input:** Input from a broad and diverse group of stakeholders.
- **Transparency:** Clear and transparent planning process.
- **Clear and Coordinated Planning Process:** Coordinated and holistic planning statewide, between stakeholders and gas and electric companies with overlapping service territories.
- **Timely Issue Resolution:** Resolution of key planning, portfolio and program issues.
- **Education:** Extensive education on energy efficiency programs and issues.
- **Trust Building:** Collaborative and trust-building discussions between stakeholders, Program Administrators and ICC Staff, including building a greater understanding of issues and mutual respect among interested parties.
- **Portfolios That Reflects Multiple Stakeholder Interests and Requests:** A portfolio that meets both statutory goals, while also addressing key concerns and incorporating key requests from a broad range of stakeholders.
- **Streamlined Decision-Making:** Narrowed and defined the issues for review by the Illinois Commerce Commission (“Commission” or “ICC”), which may result in earlier final orders approving EE Plans.
- **Consistent and Clear Policy and Programmatic Outcomes:** The consensus stipulations are broadly consistent though do reflect some tailoring specific to individual utilities.

This SAG Portfolio Planning Process Report memorializes key Planning Process activities for SAG participants and the Commission to have a complete record of the objectives, meetings, issues discussed, and results. In addition, the report provides initial recommendations about what worked and what could be improved in future SAG planning process endeavors from the perspective of the SAG Facilitation Team and key participants.

The SAG Facilitation Team<sup>1</sup> appreciates the good faith participation by the majority of interested SAG participants in the Planning Process, which included an extensive discussion of energy efficiency program and planning issues and exchange of ideas and information. While the Planning Process required significant time and effort, it yielded substantive benefits that have not been fully realized in prior EE Plan litigations. In addition, the resulting consensus is “best in class” nationwide. Based on inquiry and best practices research, no other state’s planning processes have yielded full settlement between key non-financially interested parties and Program Administrators. The scope of collaboration and resulting broad stipulations is a testament to effective processes, working relationships and results that have been achieved over the past eight years in the IL EE SAG. Table 1 below compares the benefits of a collaborative process to litigation.

<b>Table 1: Benefits of Collaborative Process Compared to Litigation</b>	
<b>Collaborative Process</b>	<b>Litigation</b>
<b>Diverse Stakeholder Input; Resulting Portfolios Reflect Broader Range of Perspectives:</b> Far greater participation from a variety of stakeholders representing different interests; increased transparency.	<b>Limited Stakeholder Input; Resulting Portfolios Reflect Narrower Perspectives and Interests:</b> Limited stakeholder input due to significantly greater costs and procedural requirements of litigation.
<b>Transparency-Increased Education / Awareness of EE:</b> Educates and builds awareness of EE programs and issues among interested stakeholders through discussion and open dialogue.	<b>Process Not Designed to Educate and Build Awareness</b>
<b>Clear and Coordinated Planning Process:</b> Program Administrators followed a coordinated seven-step planning process that permitted coordination across gas and electric utilities and common programs across the state.	<b>Limited Coordination Across Utilities:</b> Prior planning processes were on different schedules due to statutory filing deadlines for gas and electric plans; Program Administrators engaged in separate planning processes. This limited effective coordination across gas and electric utilities and common programs across the state.
<b>Trust Building:</b> For those who engaged in good faith in planning discussions, planning process led to increased trust, cooperation and collaboration that will continue during the portfolio implementation process.	<b>Creates Distrust and Antagonism:</b> The litigation process, by its nature adversarial, does not build trust and leads to greater antagonism, which makes effective cooperation during implementation more difficult.
<b>Additional Time to Develop Evidence-Based Outcomes Based on Sound Policy Principles:</b> The planning process occurred over a year’s timeframe, which gave parties ample time to identify issues and articulate core policy principles, and gather and analyze data to develop robust, evidence-based solutions to complex and interrelated issues, leading to superior outcomes.	<b>Limited Timeframe for Identifying and Addressing Complex Issues:</b> “Rocket docket” timeframe limits ability to develop optimal solutions to complex issues; there is a limited timeframe to understand issues, due to litigation schedule and statutory requirements.

<sup>1</sup> Annette Beitel and Celia Johnson, Future Energy Enterprises, LLC

Although there are clear benefits to a collaborative process compared to litigation from SAG Facilitation’s perspective, other parties that participated in the Planning Process commented that there is a time and place for litigation, and it can be an effective option to resolve disputed issues.

The majority of participants in the Planning Process found it to be a worthwhile effort for the IL EE SAG, as indicated by comments from key participants on the benefits to EE Plan development:

*“Although the Planning Process was a big time commitment, it was valuable and worthwhile. It was helpful to keep EE Plan development on track and consider issues early in planning.”*

-Molly Lunn, Illinois Department of Commerce and Economic Opportunity

*“Stakeholders had a greater impact on the development of EE Plans through this process compared to the prior SAG Program Administrator presentation process, which occurred weeks before the actual filing, or litigation, which frequently involved Program Administrators rebuffing stakeholders’ suggested changes to the filed plans. Without this process, the EE Plans filed by Program Administrators would have differed.”*

-Karen Lusson, Illinois Attorney General’s Office

*“This was a good process to participate in to review and reach agreement on EE Plans. This process is an improvement compared to the last EE Plan dockets.”*

-Jim Zolnierok and Jennifer Morris, Illinois Commerce Commission Staff

*“Subject to receiving an executed settlement agreement from the stakeholders and subject to receiving approval of the Plan by the Commission with minimal litigation in the docket, the planning process was useful. It was easier to negotiate with interested parties prior to the EE Plan docket being initiated.”*

-Koby Bailey and Pat Michalkiewicz, Peoples Gas – North Shore Gas

*“The Planning Process represents the beginning of a longer term process of building a better understanding of issues between stakeholders in Illinois, including mutual respect for how different parties look at different issues. This potentially has long term benefits and may result in more effective negotiations in the future.”*

-Chris Neme, Energy Futures Group, representing the Natural Resources Defense Council

SAG Facilitation anticipates that participants will have additional feedback to share on the Planning Process once EE Plans are approved with Commission Final Orders in early 2017. Following approval of EE Plans and final feedback on the Planning Process, the SAG Facilitation Team intends to memorialize key elements of the Planning Process in a “Planning Guidelines” document so that future Illinois energy efficiency planning processes can build upon what has already worked.

## II. Background

The Program Administrator EE Plans filed in fall 2016 represent the fourth 3-year energy efficiency portfolio filings for electric Program Administrators (Ameren Illinois, ComEd, and the Department) and the third 3-year energy efficiency portfolio filings for gas Program Administrators (Nicor Gas, Peoples Gas-North Shore Gas, and the Department), as required by Section 8-103 and 8-104 of the Public Utilities Act.<sup>2</sup> No prior EE Plan has been filed with the support of key consumer and environmental, non-financially interested stakeholders. In the past, the filed EE Plans were litigated.

Over the years, a number of SAG participants expressed frustration with the inability to impact the content of utility plans, given the short timeline between utility portfolio preview presentations to the SAG (which occurred with only weeks remaining before the statutory filing deadline for the Program Administrator plans) and the filing of EE Plans. The Attorney General's office proposed, through the Illinois Energy Efficiency Policy Manual discussion and consensus building process, the creation of a planning process that would elicit stakeholder input months before plans are formulated and filed with the Commission with the goal of reaching consensus between Program Administrators and stakeholders, as inspired by and as a variation of the Energy Efficiency Advisory Council process that is required in Massachusetts under the Green Communities Act.<sup>3</sup> Such a process was expected to significantly impact program content, budget, implementation strategies and energy savings forecasted, as compared with the informal discussions that occurred to date in the SAG. The goal was to minimize, if possible, extensive litigation of the EE Plans. The result was a consensus between the Program Administrators and interested stakeholders to engage in a Planning Process for the development of three-year EE Plans, ultimately approved by the Commission as an official energy efficiency policy of the State.<sup>4</sup> Section 3.7(iii) of the Policy Manual provides:

***Draft Portfolio Outlines.*** Program Administrators shall work in a cooperative and iterative manner with SAG participants to develop the next three-year Plan. Such cooperation includes discussion of foundational issues to Plan development; including budgets, Portfolio objectives, Program ideas, and Program design. Program Administrators and SAG shall seek to develop and communicate such foundational assumptions in a manner that supports efficient and timely modeling of proposals for a comprehensive Plan. A primary purpose of these cooperative and iterative discussions is to reduce the number of non-consensus issues and litigation associated with the applicable Plan dockets.

The SAG Facilitation Team began developing a formal plan during the summer of 2015 to implement this process, by creating a specific schedule and program idea templates. SAG Facilitation also provided assistance throughout the Planning Process by organizing utility data as well as critical facilitation of settlement discussions.

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<sup>2</sup> See 220 ILCS 8/103 and 8/104.

<sup>3</sup> See <https://malegislature.gov/Laws/SessionLaws/Acts/2008/Chapter169>

<sup>4</sup> See ICC Docket No. 15-0487, Order of December 16, 2015, Appendix – Illinois Energy Efficiency Policy Manual v. 1.0, Section 3.7(iii).

### III. Planning Process Overview

#### A. Objective

As noted above, the primary objective of the Planning Process was to reach as much consensus as possible on issues related to EE Plans before Program Administrator filings with the Commission for approval in fall 2016, as well as attain early input from stakeholders on preliminary EE Plans.

Consensus was prioritized on the following EE Plan components:

1. Allocation of portfolio budget across residential and commercial and industrial sectors;
2. Portfolio planning objectives from each Program Administrator;
3. Portfolio savings;
4. Programs to be funded (existing and new);
5. Low and moderate income offerings; and
6. Coordination between gas and electric utilities.

#### B. Broad Participation

The Planning Process included participation from a wide range stakeholders, some of whom participated actively throughout the process and others who engaged only on select issues of interest to them. More than two hundred individual participants are represented on the SAG distribution list, which increases in size on a regular basis.<sup>5</sup> Large group SAG meetings during the Planning Process were regularly attended by over sixty participants, both in-person and by teleconference. The Planning Process included the following meeting categories:

- Large Group SAG Meetings: Large group SAG meetings were scheduled on a monthly basis during the Planning Process, from September 2015 to June 2016. Large group meetings were open to all interested SAG participants.
- Small Group SAG Meetings: Small group SAG meetings on specific proposal topics were scheduled during the Planning Process, as follow-up to the November and December 2015 SAG meetings. Small group meetings were open to all interested SAG participants.
- Follow-up SAG Meetings: Follow-up meetings on specific topics were scheduled during the Planning Process, as needed.<sup>6</sup> Follow-up meetings were open to all interested SAG participants.
- Program Administrator Planning Meetings: SAG Facilitation held bi-weekly teleconference meetings with planners representing each Program Administrator (Ameren Illinois, ComEd, Nicor Gas, Peoples Gas – North Shore Gas, and the Department) to discuss key issues and coordinate the Planning Process. Coordination activities included the development and use of common planning templates, a schedule and process for

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<sup>5</sup> See SAG website, Meeting Participants page: <http://www.ilsag.info/meeting-participants.html>.

<sup>6</sup> Small group follow-up meetings were held following the November and December 2015 presentations on proposed program ideas, for proposals that required further discussion. See [http://www.ilsag.info/small\\_group\\_planning\\_calls.html](http://www.ilsag.info/small_group_planning_calls.html). Three calls were held in April and May 2016 to discuss follow-up on cost-effectiveness issues.

preliminary EE Plans, and cross-utility coordination where appropriate (e.g. gas – electric and North – South).

- **Confidential Negotiation Meetings:** Non-financially interested stakeholders that intervene in EE Plan dockets and expressed an interest in reaching settlement participated in confidential negotiation meetings with individual Program Administrators on issues related to preliminary portfolio EE Plans. The goal of negotiation meetings was to reach consensus on open issues and develop stipulated agreements. Several Program Administrators requested that parties execute confidentiality agreements prior to participating in confidential negotiations.

Stakeholders who were actively engaged throughout the Planning Process included:

- **Illinois Program Administrators:** Ameren Illinois, ComEd, Nicor Gas, Peoples Gas – North Shore Gas, and the Department.
- **Ratepayer Advocates:** IL AG and CUB.
- **Government Representatives:** ICC Staff.
- **Environmental Organizations:** ELPC and NRDC.
- **Municipal:** The City of Chicago participated in confidential negotiation meetings with specific Program Administrators.

Others participated in large group SAG meetings, small group SAG meetings, and follow-up meetings that were open to all participants.<sup>7</sup> For example, many different stakeholders presented program, measure, and program change ideas to SAG during the Planning Process, including: Grundfos Pump Corp.; IL AG; Embertec; FirstFuel; Midwest Cogeneration Association; NRDC; Open Energy Efficiency; Metropolitan Mayors Caucus; Elevate Energy; ELPC; Delta Institute; TrickleStar; EnergySavvy; Community Investment Corp.; and CUB. In addition, several Program Administrators presented new proposal ideas to SAG, including ComEd, Nicor Gas, and Ameren Illinois. Other participating stakeholders included public housing representatives, the Illinois Industrial Energy Consumers (“IIEC”), and the Illinois Power Agency (“IPA”).

### C. Planning Process Guidelines

SAG is a forum that allows parties to provide early and ongoing input on energy efficiency program and policy issues, express different opinions, better understand the opinions of others, and foster collaboration and consensus, where possible and appropriate. SAG Facilitation requested that SAG participants follow specific “Guiding Principles” and “Process Guidelines” in the Planning Process, to foster communication and productive input. Guiding Principles and Process Guidelines were included in the project plan shared with SAG at the October 2015 large group meeting, as excerpted below.

#### Guiding Principles

1. **Collaboration.** SAG meetings are intended to build trust and collaborative working relationships. Parties are encouraged to raise issues and voice concerns when they don’t

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<sup>7</sup> See SAG Meeting Participants: <http://www.ilsag.info/meeting-participants.html>



support specific initiatives discussed at the SAG, and also offer constructive approaches and solutions where possible. Discussions should focus on the merits of an issue, rather than assertions of prior litigation positions or future speculation of litigation positions.

2. **Prioritizing Issues.** The SAG Facilitation Team will prioritize the issues to be addressed through the Portfolio Planning Process, with input from SAG participants.
3. **Productive Discussion.** Participants in the SAG Portfolio Planning Process should avoid providing feedback to Program Administrators that is based on:
  - a. Assuming “bad” intent or inevitable opportunistic behavior.
  - b. Attempting to address extreme or worse-case scenarios.
  - c. Creating opportunities to micro-manage Portfolio Administrators.
  - d. Seeking information for purposes of seeking future cost disallowances.

### Process Guidelines

1. **Proposal Support.** SAG participants that propose to discuss a policy change, program design, or other topic relevant to the SAG Portfolio Planning Process shall demonstrate fact-based support of their recommendation(s) prior to discussion at SAG. Support includes, but is not limited to, background, research, and data analysis, and information about other jurisdictions who have implemented the proposed policy change or program design change. The Proposed New Program Idea Template and/or Policy / Issue Template must be submitted to the SAG Facilitation Team in advance of scheduled discussion. The SAG Facilitation Team reserves the right to request additional information prior to scheduling discussion at SAG.
2. **Discussions in the Nature of Settlement Discussions.** The SAG Facilitation Team will seek to build group consensus on issues that are addressed through the Portfolio Planning Process. Consensus decision-making is in the nature of settlement discussions. As a matter of general agreement, positions or statements made during SAG meetings shall not be used by any party to contradict or impeach another party’s position, or prove a party’s position, in a Commission proceeding. If, after a reasonable period of time as determined by the SAG Facilitation Team, consensus is not reached, the SAG Facilitation Team will prepare a “Comparison Exhibit” that tracks areas of non-consensus, including positions and rationale. Parties who agree to a consensus position who later change their positions in litigation will be viewed as negotiating in bad faith, absent intervening circumstances.
3. **Conflict of Interest Policy.** Various SAG participants have raised concerns about stakeholder participation on sensitive issues that may arise during the Planning Process. A conflict of interest is present when a SAG participant, in the judgment of the SAG Facilitation Team, has a financial stake in a SAG discussion topic and participation of the financially interested party could have adverse consequences, such as hindering complete and frank discussions. SAG participants that have a conflict of interest in specific meetings topics must recuse themselves from participating in those meetings. Topics that may include conflicts of interest and the associated SAG participants include, but are not limited to, the following: 1) Discussion of proprietary and/or confidential information (e.g. current and prospective program implementers, customers, contractors, and product representatives); 2) current and past program performance (e.g. current program implementers and contractors); 3) Future bids (e.g. current and prospective program

implementers, potential bidders, and contractors); and 4) Evaluation performance and proposed changes (e.g. current and prospective independent evaluation contractors).

#### **D. Participant Roles and Responsibilities**

The roles and responsibilities of key participants in the Planning Process, established at the beginning of the process, are summarized below, including SAG Facilitation, Program Administrators, and stakeholders.

**SAG Facilitation:** Planning Process large group SAG meetings and follow-up discussions were facilitated by the SAG Facilitation Team. SAG Facilitation Team duties included:

- **Broad Stakeholder Outreach:** Prior to the start of the process, the SAG Facilitation Team contacted all parties who had intervened in any of the prior EE Plan filings to explain the Planning Process, find out how and whether the party would like to engage or be informed by the process, and to solicit issues and ideas that the parties would like considered in the Planning Process. SAG Facilitation also offered to meet with any other stakeholder who was interested in learning about or possibly contributing to the Planning Process.
- **Meeting Facilitation:** Preside over meetings; develop agendas; complete background research, as needed and resources permitting; maintain the schedule; review draft meeting materials; circulate final meeting materials; and update the SAG website. Large group and small group SAG agendas and meeting materials were made available for download on the SAG website, unless documents contained confidential or proprietary information.<sup>8</sup> The SAG Facilitation Team adhered to a clear timeline and process for the conclusion of work.
- **Tracking Issues:** Action items, questions and open issues were tracked by the SAG Facilitation Team during each large group SAG meeting, small group SAG meeting, and large group follow-up meeting. An updated action items tracking document was circulated to SAG participants following each meeting, and was made available for download on the SAG website on individual meeting material pages.
- **Proposal Research:** During the proposed program and policy suggestion period in fall 2015, SAG Facilitation provided research support to stakeholders that were interested in proposing specific ideas to SAG but did not necessarily have the resources or background knowledge to complete the required policy or program templates. Research support was provided upon request by stakeholders. SAG Facilitation also assisted stakeholders in completing proposal templates, as needed. In this role, SAG Facilitation was “leveling the playing field” to allow all interested parties an equal opportunity to contribute their ideas to the Planning Process, even if they had limited resources or capacity.
- **Tracking Responses to Stakeholder Suggestions and Recommendations:** Throughout the Planning Process, stakeholders made specific suggestions and recommendations to Program Administrators. SAG Facilitation tracked the suggestions and recommendations as well as responses from Program Administrators, including the rationale for rejecting stakeholder suggestions and/or recommendations.

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<sup>8</sup> See SAG website, Meeting Materials page (<http://www.ilsag.info/meeting-materials.html>) and Small Group Follow-Up Meetings page: [http://www.ilsag.info/small\\_group\\_planning\\_calls.html](http://www.ilsag.info/small_group_planning_calls.html).

- Tracking Consensus: SAG Facilitation tracked consensus and non-consensus issues throughout the Planning Process, in order to minimize the number of non-consensus items remaining for negotiations.
- Developed Planning Templates: SAG Facilitation developed planning templates for proposed policy, program and program change ideas submitted by interested stakeholders and Program Administrators. In addition, SAG Facilitation worked with Program Administrators and stakeholders to develop additional planning templates to ensure that consistent information was provided on EE Plans, including a Preliminary Portfolio Budget Template and High-Level Portfolio Template.
- Information Support: Upon request, SAG Facilitation provided support to stakeholders reviewing preliminary EE Plans, including summarizing data and helping stakeholders track data and follow-up information on open issues. SAG Facilitation also received questions from parties who do not regularly participate in the SAG about how to find information, and provided answers to any questions they might have about the process.
- Rendering Decisions on Project Process/Scope: SAG Facilitation rendered final decisions on process matters, including the project scope and what issues could reasonably be addressed in the Planning Process, to maintain a manageable and efficient process.
- Negotiation Meetings: SAG Facilitation scheduled and participated in negotiation meetings between individual Program Administrators and non-financially interested stakeholders as needed, to track open issues and next steps.
- “Parking Lot” Issues: SAG Facilitation maintained a list of issues and topics that were raised during the Planning Process, but needed to be addressed at a later time. This includes issues that are beyond the scope of Planning Process, belong in another process (such as Policy Manual Version 2.0), are not ripe for decision and should be considered during the next three-year SAG, are not of general interest, etc. “Parking lot” issues will be discussed at future SAG meetings following EE Plan filings with the Commission. See SAG Planning Memo – Fall 2016 and Spring 2017, Attachment B: SAG “Parking Lot” Issues.<sup>9</sup>

**Program Administrators:** Program Administrators offering programs pursuant to Sections 8-103, 8-104 and Section 16-111.5B of the Public Utilities Act participated in the SAG Portfolio Planning Process (e.g. Ameren Illinois, ComEd, the Department, Nicor Gas, and Peoples Gas – North Shore Gas) as described in Policy Manual Version 1.0, Section 3.7(iii), Draft Portfolio Outlines:

*Program Administrators shall work in a cooperative and iterative manner with SAG participants to develop the next three-year Plan. Such cooperation includes discussion of foundational issues to Plan development; including budgets, Portfolio objectives, Program ideas, and Program design. Program Administrators and SAG shall seek to develop and communicate such foundational assumptions in a manner that supports efficient and timely modeling of proposals for a comprehensive Plan. A primary purpose of these cooperative and iterative discussions is to reduce the number of non-consensus issues and litigation associated with the applicable Plan dockets.*

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<sup>9</sup> A SAG website link will be added once the SAG Planning Memo is finalized.

Program Administrator duties included:

- Researching, designing, and modeling EE Plans and associated batch files in an accelerated timeframe;
- Coordinating portfolio planning with other utilities (e.g. utilities with overlapping service territories) and the Department;
- Collaborating with stakeholders, including providing identified deliverables to allow interested stakeholders to provide meaningful input;
- Responding to requests for stakeholder information, consistent with preserving confidentiality of customer and other confidential information, and assuming information is readily available and does not require significant processing or analysis to respond to stakeholder requests;
- Responding to stakeholder suggestions and recommendations and providing rationale for stakeholder suggestions and/or recommendations that were not accepted;
- Updating EE Plan models and batch files, as needed;
- Negotiating with non-financially interested stakeholders on EE Plan issues; and
- Drafting the EE Plan and associated attachments for filing with the Commission, pursuant to Section 8-103/8-104 of the Public Utilities Act.

**Stakeholders:** Attendance and participation in SAG meetings is open to all interested stakeholders. Stakeholders were strongly encouraged to participate in the Planning Process by identifying high priority issues early, submitting proposed new program, measure, and program change ideas for presentation at SAG, and providing feedback to Program Administrators developing EE Plans. The following stakeholder participation guideline was included in the Planning Process project plan:

**Stakeholder Participation/Participation Restrictions for Financially-Interested Parties:** Attendance and participation in the Planning Process was open to all interested stakeholders. However, there may be agenda items during this process that require open discussion between Program Administrators and non-financially interested stakeholders, involving confidential and/or proprietary information. Confidential and/or proprietary topics will be identified by the SAG Facilitation Team in advance. Participants with a financial interest (e.g. current and prospective program implementers, contractors, and product representatives) must recuse themselves from attending confidential and/or proprietary meetings.

During the Planning Process, large group SAG meetings and small group follow-up meetings were open to all SAG participants. Confidential negotiation meetings were held between individual Program Administrators and non-financially interested stakeholders that intervene in EE Plan dockets, with the goal of reaching consensus agreement on EE Plans. The negotiation process included the development of stipulated agreements that will be filed with EE Plans in fall 2016.

#### **IV. Planning Process Activities**

At the beginning of the Planning Process, SAG Facilitation developed, with stakeholder input, a seven step Planning Process for all Program Administrators to follow to help ensure the planning

was clear, logical and coordinated. The Planning Process included a number of key activities, including developing a project plan and soliciting input from interested parties; conducting outreach to a wide range of stakeholders; completing a seven step planning process; and holding Illinois Power Agency workshops to address Commission directives to SAG and planning issues for Section 8-103 and Section 16-111.5B programs. A summary of Planning Process activities is described below, as well as an overview of the topics discussed at large group and small group SAG meetings from September 2015 to September 2016.

### **1. Developed Planning Process Project Plan; Solicited Input on Issues/Topics to Consider**

SAG Facilitation presented a draft project plan for the Planning Process at the July 28, 2015 large group SAG meeting, including an overview of the proposed scope, issues to be addressed, schedule, deliverables and responsibilities. Following the July SAG meeting, Program Administrators were asked to review the proposed schedule and process and provide feedback if there were any timing concerns to be addressed. SAG typically holds monthly large group meetings on the last Tuesday of each month. For the Planning Process, SAG Facilitation scheduled an extra day for large group meetings when needed, totaling two days per month beginning in September 2015. Additional follow-up meetings were scheduled by teleconference, as needed.

### **2. SAG Facilitation Outreach to Wide Range of Stakeholders**

Early in the Planning Process, SAG Facilitation reached out to regular SAG participants based on prior participation in EE Plan dockets, as well as non-participants that may be interested in the Planning Process, to request feedback and determine high priority energy efficiency and planning issues. In September 2015, SAG Facilitation researched intervenors in prior EE Plan dockets and reached out by email to companies and organizations that do not regularly engaged in SAG. In September and October 2015, SAG Facilitation met individually with interested stakeholders to provide an overview of the Planning Process, request feedback, and discuss key issues. SAG Facilitation held meetings with Midwest Energy Efficiency Alliance; IL AG; Environmental Entrepreneurs; ICC Staff; Union of Concerned Scientists; Elevate Energy; Metropolitan Mayors Caucus; Historic Chicago Bungalow Association; NRDC; Midwest Cogeneration Association; ELPC; Giordano & Associates; and CUB. As a follow-up to the September large group SAG meeting, stakeholders were encouraged to contact SAG Facilitation to discuss the Planning Process and identify priority issues.

### **3. Seven Step Planning Process**

SAG Facilitation planned a seven step process for Program Administrators to develop draft EE Plans with stakeholder review and feedback. Each step of this process is summarized below, including key SAG activities. A complete overview of Planning Process activities for individual SAG meetings is available in Section V of this report.

*Step 1: Program Administrators Summarized Current Portfolios*

Program Administrators presented a summary to SAG in September 2015 of current electric and gas energy efficiency programs for Electric Program Year 7 and Gas Program Year 4, to educate SAG and address stakeholder questions. As follow-up in October 2015, SAG participants had an opportunity to provide input on current portfolios and discuss proposals that may benefit from further development in step 2. SAG also discussed resolution of portfolio threshold issues.

*Step 2: Program Administrators Present Proposed Planning Objectives*

A SAG discussion was held in October 2015 on proposed Program Administrator portfolio objectives, including feedback from stakeholders on overlapping objectives and objectives that may be specific to each utility service territory.

*Step 3: Stakeholders and Program Administrators Proposed New Ideas for Consideration*

All SAG participants had an opportunity to propose program, measure, and program change ideas to SAG in November and December 2015 for consideration by Program Administrators. Several Program Administrators also proposed new ideas for stakeholder consideration. Additionally, SAG participants had an opportunity to propose the resolution of policy issues for consideration by the Policy Manual Subcommittee in Policy Manual Version 2.0.<sup>10</sup> Proposed program, measure, program change, and policy ideas required submittal of a completed template prior to presenting to SAG.

*Step 4: Program Administrators Presented Preliminary Budget Templates and Responses to Program Ideas*

Program Administrators presented preliminary budget templates and high level responses to stakeholder proposals to SAG in January 2016.

*Step 5: Program Administrators Presented Potential Study Results<sup>11</sup>*

Program Administrators that completed Potential Studies prior to developing EE Plans presented preliminary results to SAG. Potential Study presentation timing varied by Program Administrator; presentations were held in December 2015, February and March 2016.

*Step 6: Program Administrators Presented Preliminary EE Plan Portfolios to SAG*

Program Administrators presented a preliminary EE Plan portfolio of programs to SAG, taking into account stakeholder feedback and proposal ideas. Presentation timing varied by Program Administrator; preliminary EE Plan presentations were held in March and April 2016. SAG held large group follow-up “Q&A” meetings with individual Program Administrators and stakeholders following preliminary EE Plan presentations, to discuss open issues and stakeholder questions.

*Step 7: Program Administrators Presented Updated EE Plan Portfolios to SAG*

Program Administrators presented an updated EE Plan portfolio to SAG. Updated EE Plans incorporated stakeholder feedback and prior SAG discussion of portfolio issues, where applicable. Presentation timing varied by Program Administrator; updated EE Plan presentations were held in May and June 2016.

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<sup>10</sup> Policy Manual Version 2.0 discussions were put on hold during the Planning Process. Discussions are expected to resume in 2017, following Commission approval of Program Administrator EE Plan dockets.

<sup>11</sup> As applicable: Not all Program Administrators completed Potential Studies in 2016.

Following the seven step process outlined above, confidential negotiation meetings were held between non-financially interested stakeholders that intervene in EE Plan dockets and expressed an interest in settlement and individual Program Administrators. The goal was to reach consensus agreement on EE Plans prior to the Section 8-103/8-104 filing deadlines in fall 2016 or within a reasonable time thereafter.<sup>12</sup>

#### **4. Illinois Power Agency (“IPA”) Workshops**

In addition to the seven-step process outlined above, SAG Facilitation convened a Section 16-111.5B Workshop Subcommittee in January 2016, also referred to as the 2016 IPA Workshop Subcommittee, with Ameren Illinois, ComEd, non-financially interested stakeholders and the IPA in response to Commission directives to SAG in the 2016 IPA Procurement Plan docket.<sup>13</sup> The IPA Workshop Subcommittee also addressed relevant planning issues for Section 8-103 EE Plan programs. The key planning issue addressed by the Subcommittee was how the Section 16-111.5B energy efficiency program bids would be conducted by Ameren Illinois and ComEd when the Section 8-103 programs for the next three-year EE Plan have not yet been approved. The Subcommittee discussed a number of related planning and contract issues, including whether there are contractual mechanisms to address uncertainty around expanded Section 8-103 programs and whether conditional approval of expanded programs could be a pathway for inclusion. Subcommittee participants reached consensus on slightly different approaches to the Section 16-111.5B program bid process for Ameren Illinois and ComEd. The Subcommittee concluded that both approaches achieve the objectives of Section 16-111.5B despite structural differences between the two.<sup>14</sup>

#### **V. Description of SAG Activities: September 2015 to September 2016**

Large group SAG meetings and small group SAG follow-up meetings held during each month of the Planning Process are summarized below.<sup>15</sup> Agendas and meeting materials are available for download on the SAG website.<sup>16</sup>

2015 Large Group SAG Portfolio Planning Activities:

- September 28-29: SAG Facilitation presented a kick-off to the Planning Process, including an overview of the final draft project plan, stakeholder outreach, next steps and upcoming deliverables. Program Administrators presented to SAG on current energy efficiency portfolios, for Electric Program Year 7 (“EPY7”) and Gas Program Year 4 (“GPY4”), utilizing completed Portfolio Templates. The purpose of reporting out on EPY7 and GPY4 was to educate SAG and address initial questions on current programs.

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<sup>12</sup> Section 8-103 EE Plan filing deadline: September 1, 2016. Section 8-104 EE Plan filing deadline: October 1, 2016. See 220 ILCS 5/8-103(f) and 220 ILCS 5/8-104(f).

<sup>13</sup> See 2016 Section 16-111.5B Workshop Subcommittee Report (July 28, 2016). Available at: [http://ilsagfiles.org/SAG\\_files/Illinois\\_Power\\_Agency/2016\\_IPA\\_Workshop\\_Subcommittee/SAG\\_2016\\_IPA\\_Workshop\\_Subcommittee\\_Report\\_Final\\_7-28-16.pdf](http://ilsagfiles.org/SAG_files/Illinois_Power_Agency/2016_IPA_Workshop_Subcommittee/SAG_2016_IPA_Workshop_Subcommittee_Report_Final_7-28-16.pdf).

<sup>14</sup> Id. at 6-7.

<sup>15</sup> Additional meetings were held between Program Administrator planners to discuss issues, in parallel with the SAG process.

<sup>16</sup> See SAG website, Meeting Materials page: <http://www.ilsag.info/meeting-materials.html>; and Small Group Follow-Up Meetings: [http://www.ilsag.info/small\\_group\\_planning\\_calls.html](http://www.ilsag.info/small_group_planning_calls.html).

- October 26-27: SAG Facilitation presented a follow-up to the September Planning Process discussion, including an overview of updated project plan documents. In addition, a draft stipulation and a proposed acknowledgement/agreement document were presented for feedback. Utility Program Administrators presented high level objectives for the next EE Plans, to identify areas of overlap/differences and request stakeholder feedback. NRDC presented an overview of stakeholder feedback on current programs, to educate SAG and discuss which proposals should be further developed and presented to SAG in late fall. Various SAG participants presented a discussion of portfolio threshold issues for stakeholder consideration (see Attachment C). Ameren Illinois presented preliminary Potential Study results.
- November 16-17: SAG participants that submitted Proposed New Program Idea / Program Change Templates presented proposed ideas to SAG. SAG participants were required to submit a completed template prior to presenting to SAG. The November meetings focused on business program ideas. Residential and cross-cutting ideas<sup>17</sup> were scheduled for December. Planning Process follow-up included a discussion of common high-level objectives and an update on open legal issues.
- December 14-16: SAG participants that submitted Proposed New Program Idea / Program Change Templates presented proposed ideas to SAG. The December meetings focused on residential program and cross-cutting ideas. Ameren Illinois presented updated preliminary Potential Study results.

#### 2015-2016 Small Group SAG Portfolio Planning Activities<sup>18</sup>:

- December 2015: SAG held four small group follow-up teleconference meetings following the November 2015 stakeholder presentations to SAG on proposed program, program change, and measure ideas. Follow-up meetings were held for proposals that required further discussion. All SAG participants were invited to participate in small group meetings. The stakeholder that proposed each idea was invited to present additional information and/or responses to open questions. Time was also provided for open discussion. Individual teleconference meetings were held on the following stakeholder proposals: Laminar aerator measure; LED Street Lighting; Data/building analytics; upstream programs; and the Grundfos Pump Corp. measure.
- January – April: SAG held nine additional small group follow-up teleconference meetings following the December 2015 presentations on proposed program, program change, and measure ideas, for proposals that required further discussion. All SAG participants were invited to participate in small group meetings. The stakeholder that proposed each idea was invited to present additional information and/or responses to open questions. Time was also provided for open discussion. Individual teleconference meetings were held on the following stakeholder proposals: Statewide marketing; Combined Heat and Power; EnergySavvy program idea; Open Energy Efficiency program idea; upstream programs follow-up and best practices for program design; multi-family improvement proposals; and low-moderate income program proposals.

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<sup>17</sup> Ideas that may impact both residential and business programs, across Illinois Program Administrators.

<sup>18</sup> Additional information on small group follow-up meetings is available on the SAG website: [http://www.ilsag.info/small\\_group\\_planning\\_calls.html](http://www.ilsag.info/small_group_planning_calls.html).



## 2016 Large Group SAG Portfolio Planning Activities:

- January 25-26: SAG Facilitation presented a process overview and 2016 schedule for the Planning Process. Program Administrators presented high level responses to program ideas presented in November and December 2015. Nicor Gas presented a preliminary “Portfolio Tool” for question/comment by other Program Administrators and stakeholders. Program Administrators presented high level portfolio budgets. The Department presented an overview of programs and an update to SAG.
- February 22-23: Peoples Gas – North Shore Gas and ComEd presented preliminary Potential Study results.
- March 28-29: ComEd, Nicor Gas, Ameren Illinois, and Peoples Gas – North Shore Gas presented a preliminary portfolio of programs for the next three-year EE Plans, for stakeholder review and comment. The Department presented preliminary Potential Study results.
- April 26: Market transformation experts presented on the future of market transformation programs in Illinois, including benchmarking and recommendations for the Department’s market transformation programs. The Department presented a preliminary portfolio of programs for the next three-year EE Plan for stakeholder review and comment. Peoples Gas – North Shore Gas presented an update on preliminary low income program planning.
- May 16-17: Nicor Gas and ComEd presented an updated EE Plan portfolio of programs. Ameren Illinois presented a high level preliminary portfolio of EE Plan programs.<sup>19</sup>
- June 28: Peoples Gas – North Shore Gas and the Department presented an updated EE Plan portfolio of programs.
- August 30: Program Administrators presented a report-out to SAG on key Portfolio changes, prior to EE Plan filings.
- September 27: SAG Facilitation report-out on the Planning Process; overview of draft Planning Process Report; discuss stakeholder questions/feedback

## VI. SAG Facilitation Recommended Changes for the Future

SAG Facilitation held a de-brief discussion on the Planning Process with SAG during the September 2016 large group SAG meeting. SAG Facilitation also requested individual feedback on the Planning Process in September and October 2016 from SAG participants, including Program Administrators and non-financially interested stakeholders that participated in negotiations. Additional information on initial stakeholder feedback is available for review in Section VIII.

SAG Facilitation shares the following recommended changes to the Planning Process:

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<sup>19</sup> Ameren Illinois took a holistic approach to planning and also provided updated EE Plan information to stakeholders by following the preliminary high level overview of the EE Plan presented at the May SAG meeting, and additional information on the portfolio was presented only to non-financially interested stakeholders that executed a confidentiality agreement with Ameren Illinois. Ameren Illinois also discussed Section 16-111.5B energy efficiency program bids with stakeholders that executed a confidentiality agreement.

1. **Advance EE Plan Presentations to SAG Earlier in the Process, if possible:** As described above in Section IV, SAG Facilitation planned seven steps for the Planning Process, prior to confidential negotiation meetings. Two key steps included an initial presentation by Program Administrators to SAG on preliminary EE Plans with a request for questions and feedback and an updated presentation to SAG on preliminary EE Plans approximately two months later, incorporating initial stakeholder feedback. Initial EE Plan presentations were held in March/April with updated presentations in May/June. In the future, it would be beneficial to move up the initial EE Plan presentations by at least one month. This change will result in process clarity for stakeholders and may result in parties reaching earlier consensus stipulation agreements.
2. **Establish Common Due Dates for Templates and EE Plan Batch Files:** Program Administrators prepared common planning templates and EE Plan “batch files” as support for preliminary and updated EE Plan presentations to SAG. In the future, it would be beneficial to require Program Administrators to provide templates and EE Plan batch files on common dates. Discussion meetings should be scheduled on a staggered basis across Program Administrators. Establishing common due dates for templates and supporting batch files will allow for better coordination and comparison across Program Administrators, where applicable. Scheduling staggered discussion meetings will streamline stakeholder review of EE Plan portfolios and allow additional time for meaningful feedback.
3. **Establish Confidentiality Requirements Up-Front; Establish a Form Confidentiality Agreement:** Program Administrators should determine at the beginning of a future Planning Process whether Non-Disclosure Agreements (“NDAs”) will be required for negotiation meetings with non-financially interested stakeholders and the form of such confidentiality agreements. There were meeting delays for negotiations in late spring 2016 due to the time needed for non-financially interested stakeholders to review and sign agreements.
4. **Provide Additional Time for Follow-Up Discussion of Stakeholder Proposals:** During step 3 of the Planning Process, all stakeholders had an opportunity to present proposals to SAG for Program Administrator consideration, including new program and measure ideas, program changes, and policy proposals. Program Administrators also had an opportunity to present ideas to SAG for stakeholder comment. Program and measure ideas were presented to SAG during the November and December 2015 meetings. Thirteen follow-up small group teleconferences were held to discuss additional questions on proposal ideas. During the January 2016 SAG meeting, Program Administrators were asked to respond to each proposal idea, including whether they would or would not incorporate each idea into the EE Plan portfolio, and if not, a rationale as to why not. Due to time constraints, Program Administrators only presented high level responses to SAG on stakeholder proposals. In the future, it would be beneficial to allow additional time for explanation and follow-up discussion on ideas that were rejected by Program Administrators, including the rationale.

5. **Clarify the Confidential Negotiation Process:** As described above in Section D, confidential negotiation meetings were held from May – October 2016 between individual Program Administrators and non-financially interested stakeholders that intervene in EE Plan dockets, with the goal of reaching consensus agreement on EE Plans. The negotiation process included the development of stipulated agreements. SAG Facilitation participated in negotiation meetings at the request of participating stakeholders, to track open issues and next steps. The following changes are recommended for a future confidential negotiation process:
  - a. Establish defined due dates for templates and batch files, as described above in recommendation 2 (due dates should be staggered for Program Administrators, to ensure ease of review by stakeholders);
  - b. Schedule two rounds of “Q&A” meetings with Program Administrators following preliminary EE Plan presentations to SAG to identify and resolve open issues;
  - c. Create a master stipulation template prior to negotiation meetings;
  - d. Establish different schedules for each Program Administrator’s negotiation process; and
  - e. Schedule confidential group negotiations between non-financially interested stakeholders and Program Administrators, for joint program discussions and resolution of cross-cutting issues.
6. **Schedule an Earlier Report-Out to SAG:** The final report-out SAG teleconference on the Planning Process was held on August 30, 2016, prior to the statutory September 1, 2016 electric EE Plan filing deadline with the Commission. Due to ongoing negotiations in August 2016, SAG Facilitation was unable to schedule this report-out on an earlier date. In the future, a final report-out to SAG should be anticipated at the beginning of the Planning Process to ensure process transparency to SAG participants. Clear expectations should be established early in planning for the final report-out, including who will present and key issues to be addressed.
7. **Establish a Process Guideline for Future EE Plans:** Policy Manual Version 1.0, approved by the Commission in December 2015, included a policy for Program Administrators to participate in a cooperative process with SAG participants to develop the next three-year EE Plans. This policy represents the first structured SAG process to develop EE Plans in advance of filings with the Commission for approval. This policy should be updated in Policy Manual Version 2.0 discussions in 2017, taking into account lessons learned from the 2015/2016 Planning Process. The updated policy should include a high level process description, timing objectives, and participation, at a minimum. A “Planning Guideline” will be developed by SAG Facilitation in 2017, following approval of EE Plans by the Commission, to capture what worked in the Planning Process and describe recommended improvements.

## **VII. SAG Facilitation Recommended Planning Process Elements to Retain for the Future**

SAG Facilitation recommends that the following Planning Process elements should be retained for a potential future planning process:

1. **Starting One Year in Advance of Filing Deadlines:** The current Planning Process began in September 2015, one year prior to the statutory electric EE Plan filing deadline with the Commission (September 1, 2016). This allowed Program Administrators and stakeholders the time needed to identify high priority program and planning issues; discuss initial feedback on programs and portfolios; research and present new program, measure, and program change ideas; review preliminary Potential Study results; and provide initial feedback on EE Plans prior to confidential negotiations with non-financially interested parties.
2. **Seeking Input from a Wide Range of Interested Parties:** At the beginning of the Planning Process, SAG Facilitation conducted a wide range of outreach to both regular SAG participants and non-participants. SAG Facilitation also met individually with interested companies and organizations to discuss high priority energy efficiency issues and questions on the Planning Process project plan. This outreach resulted in a comprehensive list of potential energy efficiency issues for discussion and additional clarity on which issues were important to resolve during the Planning Process.
3. **Establishing a Seven Step Planning Process:** A seven step process was established at the beginning of the Planning Process, which resulted in a clear timeline, goals and process for Program Administrators and stakeholders to follow prior to confidential negotiation meetings on EE Plans. The seven Planning Process steps included:
  1. Program Administrators summarizing current portfolios;
  2. Program Administrators presenting proposed planning objectives;
  3. Stakeholders and Program Administrators proposing new program, measure, and program change ideas;
  4. Program Administrators presenting preliminary budget templates and responses to program ideas;
  5. Program Administrators presenting preliminary Potential Study results;
  6. Program Administrators presenting preliminary EE Plan portfolios to SAG; and
  7. Program Administrators presenting updated EE Plan portfolios to SAG.
4. **Using Common Templates:** SAG Facilitation developed common templates for proposed program, policy, measure, and program change ideas discussed during the Planning Process. SAG Facilitation also worked with Program Administrators and interested stakeholders to develop additional common templates for the Planning Process. Using common templates allowed stakeholders to more easily review EE Plan data and program information and provided an opportunity for meaningful comparison of portfolios across Program Administrators. The use of common templates should be retained in a future planning process. Common templates used during the Planning Process included:
  - a. Existing Program Performance Template;
  - b. Proposed New Program Idea / Program Change Template;
  - c. Proposed Policy Template;
  - d. Preliminary Portfolio Budget Template; and
  - e. High-Level Portfolio Template.

5. **Limiting Confidential Negotiations to Non-Financially Interested Parties:** Following updated EE Plan presentations by Program Administrators to SAG in May and June 2016, confidential negotiation meetings began with individual Program Administrators. Negotiation meetings were held between Program Administrators and non-financially interested parties that intervene in EE Plan dockets and expressed an interest in settlement. Several Program Administrators also requested non-financially interested parties to sign confidentiality agreements prior to participating in negotiations. Limiting confidential negotiations to non-financially interested parties is critical to ensure that vendors are not impacting settlement discussions between ratepayer (utility customer) and environmental stakeholders and Program Administrators.

### **VIII. Initial Stakeholder Recommended Changes for the Future**

As described above, initial feedback on the Planning Process was discussed during the September 2016 large group SAG meeting.<sup>20</sup> In September and October 2016, SAG Facilitation also met with interested parties, including Program Administrators and non-financially interested stakeholders that participated in negotiations.<sup>21</sup> SAG Facilitation provided a template for feedback and met individually with interested parties to discuss what worked and did not work and to request key recommendations for a future process.

Initial comments, feedback, and recommendations on the Planning Process from Program Administrators and non-financially interested stakeholders are summarized in Table 2 below, organized by category of feedback. This section of the report does not identify specific parties, to encourage open discussion in feedback meetings. In a number of instances, SAG Facilitation received similar feedback from a several parties. There are also several recommendations where feedback is conflicting, as indicated in Table 2. In general, SAG participants shared positive feedback about the Planning Process and provided an extensive list of actionable recommendations to be considered in a future process. Participants found the process to be time intensive but beneficial, in that it encouraged collaborative and open discussions and resulted in a successful outcome through stipulated agreements.

Planning Process participants shared the following key comments and recommendations during feedback meetings with SAG Facilitation:

- **Process and Schedule:** In a future process, meetings should be streamlined where possible to reduce the time commitment. The schedule should be determined far in advance of the beginning of the process. Presentations from Program Administrators on EE Plans should be staggered, including discussion meetings, to allow stakeholders additional time to provide meaningful review and feedback. All agreements reached during the process should be memorialized for each Program Administrator, for ease of preparation of stipulated agreements for negotiations.
- **Summary of Current Portfolios:** A current portfolio summary was provided by individual Program Administrators during the September 2015 large group SAG meeting. Several parties commented that this summary may not be necessary in a future process, since

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<sup>20</sup> See September 27, 2016 Meeting Materials page of the SAG website: [http://www.ilsag.info/mm\\_2016\\_9\\_27.html](http://www.ilsag.info/mm_2016_9_27.html).

<sup>21</sup> Individual feedback meetings were held with Ameren Illinois, ComEd, Nicor Gas, Peoples Gas – North Shore Gas, the Illinois Department of Commerce and Economic Opportunity, the City of Chicago, CUB, IL AG, and NRDC.

Program Administrators already provide quarterly status updates to SAG. Feedback on programs should continue to be provided during quarterly status update presentations.

- **New Idea Proposals:** New ideas were presented to SAG during the November and December 2015 large group SAG meetings. Several parties suggested that the “new ideas” process should be streamlined in the future and that SAG should consider holding an annual “new ideas” process in connection with the annual Illinois Technical Reference Manual priority process (which takes place by July 1<sup>st</sup> each year).
- **Program Administrator EE Plan Presentations to SAG:** In a future process, the focus should be on EE Plan presentations and feedback once batch files are available for review. There are issues that should be discussed earlier in a future planning process, such as avoided costs and cost-effectiveness analysis assumptions.
- **Negotiation Meetings with Non-Financially Interested Parties:** The process for negotiations should be clarified in greater detail at the beginning of a future process. Negotiation meetings should be scheduled earlier, if possible, with staggered meetings scheduled across Program Administrators to allow additional time for non-financially interested stakeholders that participate in all negotiations.
- **Templates:** Several templates should be added for review and discussion in a future planning process, including: 1) Data on savings forecasts by program; 2) A comparison to historical program performance for at least the past two program years with an explanation of variances; and 3) All inputs to the cost-effectiveness calculators used by Program Administrators, with citations to sources for inputs.

<b>Table 2: Initial Stakeholder Feedback on Planning Process</b>
<i>Process and Schedule</i>
<p>1. It would be helpful for a future process to be less time-intensive. Meetings should be streamlined, where possible.  <b>Facilitator Observation:</b> SAG participants can discuss how to streamline meetings in the next EE Plan development cycle. SAG Facilitation will request input on how to streamline.</p>
<p>2. If SAG engages in a future Planning Process, the schedule should be locked down well in advance of the launch. This will allow additional opportunity to review internal utility / Program Administrator milestones. Scheduling precedence should be contingent upon the order of completion of EE Plan presentations and batch files by Program Administrators, taking internal timelines into account.  <b>Facilitator Observation:</b> During the Planning Process, the initial schedule was presented at the July 2015 large group SAG meeting and refined in early fall 2015 in response to feedback, including the meeting schedule and topics (except for small group follow-up meetings).</p>
<p>3. In a future process, the schedule for Program Administrator EE Plan presentations and the release of “batch files” in support of EE Plans should be staggered. During the Planning Process, stakeholders reviewed five EE Plans in the same timeframe. Establishing a staggered schedule will result in additional time to review and provide feedback in a timely manner.  <b>Facilitator Observation:</b> Program Administrator portfolio presentations were staggered over several months (spring 2016) to allow stakeholders time to review. SAG Facilitation will review additional scheduling options with participants in a future planning process.</p>
<p>4. Program Administrator batch files supporting preliminary EE Plans should be provided for review earlier in the process, which will help lead to an earlier negotiation process with non-financially interested stakeholders.</p>

<b>Table 2: Initial Stakeholder Feedback on Planning Process</b>
<p>5. At the beginning of a future process, SAG should clearly define how involved each step will be (e.g. establish specific timing and duration for meetings and follow-up discussions).  <b>Facilitator Observation:</b> SAG Facilitation made an effort to clearly define expectations for each meeting during the Planning Process through the project plan and schedule, including the time needed for presentations.</p>
<p>6. Agreements that are reached throughout the process should be clearly memorialized and moved to initial draft stipulation documents for each Program Administrator. For example, there were issues agreed to early in the Planning Process that negotiating parties later inadvertently forgot to include in stipulated agreements.  <b>Facilitator Observation:</b> SAG Facilitation tracked responses to new program ideas presented during the November-December 2015 SAG meetings and tracked Program Administrator responses to open issues throughout the process, as applicable. In the future, this tracking effort can be coordinated with interested participants to ensure that agreements are clearly memorialized.</p>
<p>7. For electric utilities offering programs pursuant to both Section 8-104/8-104 and Section 16-111.5B of the Public Utilities Act, a holistic planning approach should be retained in a future process. This approach worked well during the Planning Process as it allowed parties to review and discuss cross-cutting issues.</p>
<p>8. A final teleconference report-out to SAG should be scheduled following EE Plan filings, instead of prior to filings. This will encourage a more detailed walk-through of what was included in the EE Plan filing.</p>
<b>Summary of Current Portfolios</b>
<p>1. Providing a summary of current energy efficiency portfolios doesn't seem necessary. SAG participants should already be aware of what the current portfolios include, from quarterly report presentations to SAG. However, SAG Facilitation also received the opposite feedback – discussing current programs is an important step to the process, to ensure all parties understand the current portfolios prior to engaging in feedback discussions.</p>
<p>2. Feedback on current programs should be given at SAG throughout the three-year EE Plan, in connection with quarterly report updates.</p>
<b>New Idea Proposals</b>
<p>1. New measure and technology proposals should be separated from the Planning Process and should be coordinated with the annual IL-TRM update (IL-TRM priorities are established no later than July 1 on an annual basis). The best way to get a measure into a future EE Plan is through IL-TRM approval.</p>
<p>2. There should be an annual “new ideas” process at SAG throughout the 3-year EE Plan. SAG should establish a process for new ideas, work with stakeholders interested in presenting new ideas, categorize ideas in advance of presentation to SAG, etc.</p>
<p>3. A future “new ideas” process should focus on conceptual ideas, and not on products carried by multiple firms. There is concern about specific vendors and financially interested companies presenting new ideas. Addressing ideas at the conceptual level may eliminate this issue, as well as streamline and reduce the time needed for new idea presentations to SAG. However, SAG Facilitation also received the opposite feedback – financially interested parties should be allowed to present in a future “new ideas” process; companies that are experts in a given field should have an equal opportunity to present their ideas for consideration.</p>

<b>Table 2: Initial Stakeholder Feedback on Planning Process</b>
4. During the Planning Process, several new ideas presented in late fall 2015 were “not ready for prime time.” Ideas that are not fully developed should not be scheduled for discussion at SAG. In the future, new ideas should be rated and/or ranked to eliminate this issue. One option proposed is to send out a list of ideas and ask for rankings from SAG. Another option proposed is for a small group to review ideas with a scorecard prior to scheduling presentations at SAG. This would allow a “new ideas” process that achieves good, actionable feedback from Program Administrators and stakeholders on viable ideas. However, SAG Facilitation also received the opposite feedback – new ideas should not be vetted in this manner, due to concerns about restricting open discussion at SAG.
5. Gas and electric “new ideas” should be separated at SAG, for proposals that achieve only therm savings or only electric savings. However, SAG Facilitation also received the opposite feedback – only cross-cutting (electric and gas) ideas should be presented in a future “new ideas” process.
6. All three types of “new ideas” should be presented as part of a future process, as they were during the Planning Process: 1) New program ideas; 2) New measure ideas; and 3) Proposed changes to current programs. However, SAG Facilitation also received the opposite feedback – a future “new ideas” process should focus only on new, high level program ideas.
7. Preference should be given to Illinois companies in a future “new ideas” process.
8. In addition to an annual “new ideas” process at SAG, there should be a final opportunity before the next three-year EE Plan process for new ideas to be presented for consideration. However, SAG Facilitation also received the opposite feedback – new ideas should not be subject to restricted timing in a future process.
<b><i>Program Administrator EE Plan Presentations to SAG</i></b>
1. The high level budget overview (held in January 2016) was one of the most important aspects of the Planning Process. Presenting high level budgets was valuable because it helped all parties understand the EE Plan portfolios and created a good foundation for later negotiations.
2. Discussing proposed objectives from Program Administrators and requesting feedback from stakeholders (held in October 2015) was an important step in the Planning Process.
3. The timing for Potential Study presentations was effective (February/March 2016). However, SAG Facilitation also received the opposite feedback – a future process should spend less time on Potential Study results. Potential Study results can highlight interesting issues, but discussing results is not as important as other planning issues.
4. The initial preliminary EE Plan overview presentation to SAG by Program Administrators (held in March/April 2016) wasn’t as valuable since it was high level and batch files weren’t available for review yet. Discussions were most effective once the batch files were ready; that’s when concrete feedback starting coming.
5. Avoided costs and cost-effectiveness analysis assumptions should be discussed earlier in a future process; these issues can impact others therefore an early discussion will provide additional clarity.
6. Program Administrators may have over-presented to SAG at a high level. There is more that can be done off-line in a future process. The critical meetings included 1) Responses to program ideas and 2) Updated strawman EE Plan proposals, presented in late spring/early summer.



<b>Table 2: Initial Stakeholder Feedback on Planning Process</b>
7. The most important meeting in the Planning Process was the final preliminary Plan overview from Program Administrators, once data files were available (held in spring 2016).
<i>Negotiation Meetings with Non-Financially Interested Parties</i>
1. It would be helpful to clarify the negotiation process in greater detail at the beginning of a future planning process. The timing of the negotiation process was difficult. In a future process, the timing needs to be established earlier. One suggestion provided is to dedicate one month to settlement for each Program Administrator.
2. Joint/dual fuel programs should be negotiated together. It would be beneficial for these programs to be scheduled first, on a separate track.
3. It would have been helpful to receive final stakeholder feedback earlier in the negotiation process.
4. It was helpful to have SAG Facilitation scheduling negotiation meetings and ensuring the appropriate non-financially interested parties received information. However, SAG Facilitation also received the opposite feedback – the SAG process should end once the final presentation on EE Plans is held, prior to negotiations, due to concern about potential conflicts with SAG as an advisory body. It was suggested that if SAG Facilitation plans to have direct involvement in negotiations in a future process, there needs to be additional structure established in advance.
<i>Templates</i>
1. For proposed policy ideas and proposed new program ideas submitted as part of the Planning Process, providing additional background on the information needed and why would have been helpful context for parties submitting ideas.
2. Program Administrators should be required to fill out additional templates for a future process, including: 1) Data on savings forecasts by program and 2) A comparison to historical program performance for at least the past two program years with an explanation of variances. Completed templates should be provided to stakeholders for review when Program Administrator present initial EE Plans to SAG for review.
3. Program Administrators should be required to fill out a template for a future process that includes all inputs to the cost-effectiveness calculators used, with citations to sources for inputs. This should be provided to stakeholders for review early in the process.
<i>Other Recommendations</i>
1. Stakeholders and Program Administrators should prepare draft proposed orders prior to or in open EE Plan dockets with the Commission to ensure consistency and stability of stipulated agreements.
2. More structure is needed for small group follow-up discussions. A clear objective should be identified for each discussion. <b>Facilitator Observation:</b> SAG Facilitation provided a list of questions in advance of small group follow-up discussions on specific topics. In the future, this process can be reviewed again with feedback from participants.
3. It was helpful to receive questions in advance for follow-up meetings, in particular prior to “Q&A” follow-up calls scheduled in the spring with individual Program Administrators.
4. In a future process, there should be additional focus on commercial and industrial programs since there is a large savings opportunity available for those customers.

SAG Facilitation appreciates the considerable time and effort that Program Administrators and stakeholders dedicated to participating in the Planning Process over the past year. Several parties commented that they expect to have additional feedback to share once EE Plans are approved by the Commission, anticipated by the end of February 2017. Following the approval of EE Plans and final feedback on the Planning Process, SAG Facilitation will draft a “Planning Guideline” to summarize recommendations for what a future Planning Process should include, if SAG pursues this effort for the development of the next three-year EE Plans (2020-2023). The draft “Planning Guideline” document will be presented for review and comment at a future SAG meeting in 2017.

## **IX. Conclusion**

The Planning Process required considerable and sustained effort for a year, and yielded considerable and lasting benefits. The Planning Process included active and extensive discussion of energy efficiency program and planning issues, resulting in consensus EE Plans that reflect key concerns and requests from a broad range of stakeholders who follow and engage in Illinois’ energy efficiency programs. This outcome would not have been possible without an up-front willingness by Program Administrators and key stakeholders to devote time and resources to the effort with a common goal of achieving consensus. The success of this effort will provide for continued solid group collaboration and cooperation during program implementation.

## **X. Attachments**

Attachments A, B and C to this report provide additional information on Planning Process meetings and key issues:

- Attachment A, SAG Portfolio Planning Process Meetings, summarizes the Planning Process meetings held in 2015 and 2016. Meeting dates, meeting types and Planning Process agenda topics can be found in Tables 3 and 4. Table 5 includes a list of confidential negotiation meetings for individual Program Administrators.<sup>22</sup>
- Attachment B, Key Issues for the SAG Portfolio Planning Process, summarizes key planning issues compiled by SAG Facilitation in early fall 2015. This issue list was a result of stakeholder discussion at the July 28, 2015 and September 28-29, 2015 monthly SAG meetings, as well as individual stakeholder meetings held by SAG Facilitation. SAG participants agreed that key planning issues would be addressed by SAG in the Planning Process and policy issues would be addressed separately by the Policy Manual Subcommittee.<sup>23</sup>
- Attachment C, Threshold Issues for the SAG Portfolio Planning Process, summarizes a list of threshold issues identified by stakeholders in discussions with SAG Facilitation in August and September 2015. Threshold issues were further refined during the September 29, 2015 large group SAG meeting.

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<sup>22</sup> Negotiation meetings were held between non-financially interested stakeholders that intervene in EE Plan dockets and individual Program Administrators following final presentations to SAG on preliminary EE Plans. Specific information on negotiation meetings is confidential and may be subject to a confidentiality agreement (NDA) with Program Administrator(s).

<sup>23</sup> Policy Manual Subcommittee Version 2.0 meetings were put on hold in April 2016 to focus on completing the Planning Process. SAG Facilitation anticipates Version 2.0 discussions to begin in early 2017, following Program Administrator EE Plan approvals by the Commission.

## **XI. Templates**

Five common templates were utilized by Program Administrators and stakeholders during the Planning Process:

- Template 1: Existing Program Performance Template (Program Administrators presented in Sept. 2015)
- Template 2: Proposed New Program Idea / Program Change Template (Due in Nov. 2015; Stakeholders and Program Administrators presented in Nov.-Dec. 2015)
- Template 3: Proposed Policy Template (Due in Dec. 2015; discussed during initial Policy Manual Subcommittee meetings from February to April 2016)
- Template 4: Preliminary Portfolio Budget Template (Program Administrators presented in Jan. 2016)
- Template 5: High-Level Portfolio Template (Program Administrators presented preliminary templates in March/April 2016 and updated templates in and May/June 2016)

Templates are available for download on the SAG website.<sup>24</sup>

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<sup>24</sup> See SAG Website, Templates page: <http://www.ilsag.info/templates.html>.

## Attachment A: SAG Portfolio Planning Process Meetings

This attachment includes a list of SAG Portfolio Planning Process meetings held in 2015 and 2016. Meeting dates, meeting types, and Planning Process agenda topics are described in Tables 3 and 4 below. The “Agenda Topics” described in this attachment only include Planning Process discussions held during large group SAG meetings. Full agendas and meeting materials are available on the SAG website.<sup>25</sup>

Table 5 includes a list of negotiation meetings for each Program Administrator. As described in Section E above, negotiation meetings were held between non-financially interested stakeholders that intervene in EE Plan dockets and individual Program Administrators following final presentations to SAG on preliminary EE Plans. Specific information on negotiation meetings is confidential, and may be subject to a confidentiality agreement (NDA) with Program Administrator(s).

Table 3, below, also identifies the considerable time that was devoted to the Planning Process. The summary of hours for each meeting type is as follows:

**Meetings Open to All SAG Participants:**

**Large group SAG meetings:** 108.5 hours

**Small group SAG follow-up meetings:** 18.5 hours

**Other SAG follow-up meetings:** 14.5 hours

Subtotal= 141.5 hours

**Meetings Open to Non-Financially Interested Parties:**

49.5 hours

Grand total= 191 hours

<b>Table 3: 2015 Planning Process Meetings</b>		
Date	Meeting Type	Agenda Topics
Mon.-Tues., Sept. 28-29 10:30 am - 4:30 pm 10:30 am - 4:30 pm	Large Group SAG	<ul style="list-style-type: none"> <li>• Planning Process kick-off</li> <li>• Program Administrator presentations on current EE Portfolios (Electric PY7 and Gas PY4)</li> </ul>
Mon.-Tues., Oct. 26-27 10:30 am - 4:30 pm 10:30 am - 4:30 pm	Large Group SAG	<ul style="list-style-type: none"> <li>• Planning Process follow-up: updated Project Plan documents</li> <li>• Utility Program Administrator presentations on EE Plan objectives</li> <li>• Initial stakeholder feedback on current EE programs</li> <li>• Ameren Illinois Preliminary Potential Study Results</li> </ul>
Mon.-Tues., Nov. 16-17 10:30 am - 4:00 pm 10:30 am - 3:40 pm	Large Group SAG	<ul style="list-style-type: none"> <li>• Planning Process follow-up: Common high-level objectives; update on open legal issues</li> </ul>

<sup>25</sup> See Meeting Materials page: <http://www.ilsag.info/meeting-materials.html>

<b>Table 3: 2015 Planning Process Meetings</b>		
Date	Meeting Type	Agenda Topics
		<ul style="list-style-type: none"> <li>Proposed New Program / Program Change / Measure Ideas: Business Programs</li> </ul>
Tues., December 1 4:00 - 5:00 pm	Small Group Follow-Up Call	<ul style="list-style-type: none"> <li>Questions/follow-up on Laminar Aerator Measure proposal</li> </ul>
Thurs., December 3 10:00 - 11:00 am	Small Group Follow-Up Call	<ul style="list-style-type: none"> <li>Questions/follow-up on LED Street Lighting proposal</li> </ul>
Thurs., December 3 1:00 - 2:00 pm	Small Group Follow-Up Call	<ul style="list-style-type: none"> <li>Questions/follow-up on Data/Building Analytics proposal</li> </ul>
Fri., December 11 10:00 am - 12:00 pm	Small Group Follow-Up Call	<ul style="list-style-type: none"> <li>Questions/follow-up on Upstream Proposal and Grundfos Pump Measure proposal</li> </ul>
Mon.-Wed., December 14-16 10:30 am – 5:00 pm 10:30 am – 5:00 pm 10:30 am - 4:30 pm	Large Group SAG	<ul style="list-style-type: none"> <li>Proposed New Program/Measure Ideas: Residential Programs; cross-cutting proposals</li> <li>Ameren Illinois Preliminary Potential Study Results (updated)</li> </ul>

<b>Table 4: 2016 Planning Process Meetings</b>		
Date	Meeting Type	Agenda Topics
Mon., January 11 10:30 - 11:30 am	Small Group Follow-Up Call	<ul style="list-style-type: none"> <li>Questions/follow-up on Statewide Marketing proposal</li> </ul>
Mon., January 11 1:00 - 3:30 pm	Small Group Follow-Up Call	<ul style="list-style-type: none"> <li>Questions/follow-up on Low/Moderate Income program open issues (meeting #1)</li> </ul>
Wed., January 13 10:00 - 11:00 am	Small Group Follow-Up Call	<ul style="list-style-type: none"> <li>Questions/follow-up on Combined Heat and Power proposal</li> </ul>
Wed., January 13 11:00 am - 12:00 pm	Small Group Follow-Up Call	<ul style="list-style-type: none"> <li>Questions/follow-up on EnergySavvy proposal</li> </ul>
Wed., January 13 2:00 - 3:00 pm	Small Group Follow-Up Call	<ul style="list-style-type: none"> <li>Questions/follow-up on Open Energy Efficiency proposal</li> </ul>
Thurs., January 21 2:00 - 4:00 pm	Small Group Follow-Up Call	<ul style="list-style-type: none"> <li>Upstream proposal follow-up: Best practices for upstream program design</li> </ul>
Mon.-Tues., January 25-26 10:30 am - 4:30 pm 10:30 am - 4:30 pm	Large Group SAG	<ul style="list-style-type: none"> <li>Planning Process follow-up: Process overview and 2016 schedule</li> <li>Follow-up: Ameren Illinois Voltage Optimization proposal</li> <li>High Level Program Administrator Responses to Program Ideas</li> <li>Preliminary Nicor Gas Portfolio Tool</li> <li>High Level Portfolio Budgets: Gas and Electric</li> <li>IL Department of Commerce Programs Overview and Update to SAG</li> </ul>

<b>Table 4: 2016 Planning Process Meetings</b>		
<b>Date</b>	<b>Meeting Type</b>	<b>Agenda Topics</b>
Mon., February 8 2:00 - 3:00 pm	Small Group Follow-Up Call	<ul style="list-style-type: none"> <li>• Questions/follow-up on Multifamily Improvements proposal</li> </ul>
Mon.-Tues., February 22-23 10:30 am - 3:00 pm 1:00 - 4:20 pm	Large Group SAG	<ul style="list-style-type: none"> <li>• Peoples Gas - North Shore Gas Potential Study results</li> <li>• ComEd Potential Study results</li> </ul>
Wed., March 9 1:00 - 3:00 pm	Small Group Follow-Up Call	<ul style="list-style-type: none"> <li>• Questions/follow-up on Low/Moderate Income open issues (meeting #2)</li> </ul>
Mon.-Tues., March 28-29 10:30 am - 4:00 pm 10:30 am - 4:30 pm	Large Group SAG	<ul style="list-style-type: none"> <li>• ComEd Preliminary Portfolio of Programs</li> <li>• Nicor Gas Preliminary Portfolio of Programs</li> <li>• IL Department of Commerce Potential Study results</li> <li>• Ameren Illinois Preliminary Portfolio of Programs</li> <li>• Peoples Gas - North Shore Gas Preliminary Portfolio of Programs</li> </ul>
Thurs., April 7 9:30 - 10:30 am	Large Group SAG Follow-Up Call	<ul style="list-style-type: none"> <li>• ComEd Preliminary Portfolio follow-up: Discuss Q&amp;A from March SAG meetings</li> </ul>
Thurs., April 7 11:00 am - 1:00 pm	Large Group SAG Follow-Up Call	<ul style="list-style-type: none"> <li>• Peoples Gas - North Shore Gas Preliminary Portfolio follow-up: Discuss Q&amp;A from March SAG meetings</li> </ul>
Fri., April 8 10:00 - 11:00 am	Large Group SAG Follow-Up Call	<ul style="list-style-type: none"> <li>• Nicor Gas Preliminary Portfolio follow-up: Discuss Q&amp;A from March SAG meetings</li> </ul>
Thurs., April 14 1:00 - 3:00 pm	Large Group SAG: Cost-Effectiveness Follow-Up Call #1	<ul style="list-style-type: none"> <li>• Large group SAG teleconference to discuss the cost-effectiveness questions raised during the March SAG meetings, including classifying costs when performing TRC test analysis.</li> </ul>
Tues., April 19 1:00 - 3:00 pm	Large Group SAG: Cost-Effectiveness Follow-Up Call #2	<ul style="list-style-type: none"> <li>• Large group SAG teleconference to discuss additional cost-effectiveness issues: 1) Excessive incentives and 2) Interactive effects.</li> </ul>
Wed., April 20 1:00 - 3:00 pm	Small Group Follow-Up Call	<ul style="list-style-type: none"> <li>• Questions/follow-up on Low/Moderate Income open issues (meeting #3)</li> </ul>
Tues., April 26 10:30 am - 4:30 pm	Large Group SAG	<ul style="list-style-type: none"> <li>• Market transformation benchmarking results</li> <li>• IL Department of Commerce Preliminary Portfolio presentation</li> <li>• Peoples Gas - North Shore Gas update on low income programs</li> </ul>
Tues., May 10 10:00 am - 12:00 pm	Large Group SAG: Cost-Effectiveness Follow-Up Call #3	<ul style="list-style-type: none"> <li>• Large group SAG teleconference to discuss remaining cost-effectiveness issues.</li> </ul>
Wed., May 11 10:00 am - 12:00 pm	Large Group SAG Follow-Up Call	<ul style="list-style-type: none"> <li>• IL Department of Commerce Preliminary Portfolio follow-up: Discuss Q&amp;A from March SAG meetings</li> </ul>

<b>Table 4: 2016 Planning Process Meetings</b>		
Date	Meeting Type	Agenda Topics
Mon.-Tues., May 16-17 1:00 - 3:00 pm 10:30 am - 4:10 pm	Large Group SAG	<ul style="list-style-type: none"> <li>Nicor Gas Updated Portfolio of Programs</li> <li>ComEd Updated Portfolio of Programs</li> <li>Ameren Illinois Update: High Level Preliminary Portfolio of Programs</li> </ul>
Tues., June 7 10:00 - 11:00 am	Large Group SAG Follow-Up Call	<ul style="list-style-type: none"> <li>Discuss U.S. Energy Information Administration (EIA) Early Release of the 2016 Annual Energy Outlook</li> </ul>
Tues, June 28 10:30 am - 4:00 pm	Large Group SAG	<ul style="list-style-type: none"> <li>Peoples Gas-North Shore Gas Updated Portfolio of Programs</li> <li>IL Department of Commerce Updated Portfolio of Programs</li> </ul>
Tues, July 19 10:00 - 11:30 am	Large Group SAG Follow-Up Call	<ul style="list-style-type: none"> <li>Discuss final U.S. Energy Information Administration (EIA) 2016 Annual Energy Outlook + Carbon adders</li> </ul>
Tues., August 30 12:30 - 2:30 pm	Large Group SAG	<ul style="list-style-type: none"> <li>Program Administrators with final stipulation agreements present a report-out to SAG on key Portfolio changes</li> </ul>
Tues., September 27 10:30 am - 12:00 pm <sup>26</sup>	Large Group SAG	<ul style="list-style-type: none"> <li>SAG Facilitation report-out and de-brief on the Planning Process; overview of draft Planning Process Report; discuss stakeholder questions/feedback</li> </ul>

The following Table 5 records the dates of scheduled negotiation meetings. Additional meetings not listed here occurred between non-financially interested SAG participants and Program Administrators, as issues narrowed and final stipulation language was negotiated.

<b>Table 5: 2016 Planning Process Negotiation Meetings</b>	
<b>Nicor Gas<sup>27</sup></b>	
Date	Meeting Type
Wed., June 15 10:00 am - 12:00 pm	Negotiation Meeting #1
Thurs., June 23 3:00 - 5:00 pm	Negotiation Meeting #2
Thurs., July 21 9:00 - 11:00 am 3:00 - 5:00 pm	Negotiation Meeting #3
Mon., July 25 10:00 am - 12:00 pm	Negotiation Meeting #4
Wed., August 3 9:00 - 10:00 am	Negotiation Meeting #5
<b>ComEd</b>	

<sup>26</sup> The remainder of the September 2016 SAG meeting will be dedicated to other SAG topics.

<sup>27</sup> The Nicor Gas meetings listed in Table 5 were confidential and only open to non-financially interested stakeholders that executed a Non-Disclosure Agreement with Nicor Gas.

<b>Table 5: 2016 Planning Process Negotiation Meetings</b>	
Date	Meeting Type
Wed., June 15 1:00 - 3:00 pm	Negotiation Meeting #1
Mon., June 27 1:00 - 3:00 pm	Negotiation Meeting #2
Wed., July 27 3:00 - 4:30 pm	Negotiation Meeting #3
<b>Ameren Illinois<sup>28</sup></b>	
Date	Meeting Type
Tues., May 24 1:00 – 4:00 pm	Ameren Illinois Preliminary Review of IPA Bid Analysis and Preliminary Portfolio of Programs
Wed., June 1 9:30 am – 12:00 pm	Ameren Illinois Modeling Follow-Up Call
Thurs., June 2 10:00 am – 12:00 pm	Ameren Illinois Preliminary Portfolio Follow-Up Call #1
Wed., June 8 11:30 am – 12:30 pm	Ameren Illinois Preliminary Portfolio Follow-Up Call #2
Tues., June 14 1:00 – 4:30 pm	Ameren Illinois Updated IPA Bid Analysis and Preliminary Portfolio of Programs
Fri., June 17 9:00 – 10:00 am	BenCost Modeling Input Call
Thurs., June 23 12:30 – 2:30 pm	Ameren Illinois Updated Preliminary Portfolio Presentation (8-103/8-104)
Thurs., July 14 2:30 - 5:00 pm	Negotiation Meeting #1
Mon., July 25 3:30 - 5:00 pm	Negotiation Meeting #2
Fri., July 29 8:00 - 9:00 am	Negotiation Meeting #3
Thurs., August 18 3:00 - 4:30 pm	Negotiation Meeting #4
<b>Peoples Gas - North Shore Gas<sup>29</sup></b>	
Date	Meeting Type
Mon., July 25 1:00 - 3:00 pm	Negotiation Meeting #1
Thurs., August 11 1:00 - 3:00 pm	Negotiation Meeting #2

<sup>28</sup> The Ameren Illinois meetings listed in Table 5 were confidential and only open to non-financially interested stakeholders that executed a Non-Disclosure Agreement with Ameren Illinois.

<sup>29</sup> The Peoples Gas – North Shore Gas meetings listed in Table 5 were confidential and only open to non-financially interested stakeholders that executed a Non-Disclosure Agreement with Peoples Gas – North Shore Gas.



<b>Table 5: 2016 Planning Process Negotiation Meetings</b>	
Tues., August 30 3:00 - 5:00 pm	Negotiation Meeting #3
Wed., September 7 2:00 - 3:30 pm	Negotiation Meeting #4
<b>IL Department of Commerce and Economic Opportunity</b>	
Date	Meeting Type
Wed., July 20 12:30 - 2:30 pm	Negotiation Meeting #1
Fri., August 5 9:00 - 11:00 am	Negotiation Meeting #2

## Attachment B: Key Issues for SAG Portfolio Planning Process – Fall 2015

The issues listed in this attachment are a result of stakeholder discussion at the July and September 2015 large group SAG meetings, as well as individual stakeholder meetings held by the SAG Facilitation Team. This issue list is included in the Planning Process Report to memorialize the topics and issues that stakeholders identified as important to cover during the Planning Process. SAG Facilitation notes that all but five topics were addressed during the Planning Process.<sup>30</sup> Topics that were not addressed will be deferred to another SAG process, which may include future large group SAG meetings or a SAG Subcommittee.<sup>31</sup>

This list also demonstrates the comprehensiveness of the Planning Process – the process did not merely address statutory issues, such as budgets and savings from energy efficiency programs, but also covered a much broader range of topics that are important to optimizing EE Plan portfolios considering multiple perspectives.

### Threshold Issues

- All parties must commit that positions taken during this process, including presentations and comments made during discussion meetings, will not be used in litigation – “rules of the road.”
- What is the scope, sequencing and timing of issues?
- Commission approval of Plans<sup>32</sup>:
  - High level topics to be included:
    - Statutory topics for Commission approval:
      - Portfolio Savings, budgets
      - Program Budgets (within 20%)
      - Program content (an opportunity for Customers of all rate classes to participate)
      - Independent evaluation – timing for issuance of evaluator RFPs to ensure a contract is in place at the start of the programs
    - Additional topics for Commission approval:
      - Policy rules
      - Anything else?
      - For electric utilities, what belongs in IPA Portfolio?
  - What do the plans really need to settle?
  - What is within Administrator discretion?
    - With accountability comes responsibility.
  - Process issue: Syncing the specific dates in the tariffs for certain utility filings.
- What would planners/stakeholders like to know up-front?
- What is goal of discussion?
  - Stipulated agreements at end?
  - Who should participate? Review past Plan dockets to determine intervenors.

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<sup>30</sup> Topics not addressed during the Planning Process include: 1) Multi-year savings goals; 2) Allocation of EM&V resources; 3) Leveraging deployment of smart meters; 4) Role of Codes and Standards and claiming savings; and 5) Program strategies to capture wasted energy.

<sup>31</sup> See SAG website, Subcommittees page: <http://www.ilsag.info/subcommittees.html>.

<sup>32</sup> See Section 8-103(f) and 8-104(f) for a list of filing requirements for Plans.

- What won't settle?
- What is current performance of Portfolios?
- Figure out what issues merit time
  - For proposals to be included in the Plan, the interested stakeholder should include impacts to the Plan, including costs and savings. Utilities should also do this as part of their planning process. This information should be allowed to be used in the docket.<sup>33</sup>
- Annual vs. lifetime savings
- Program gaps and overall Plan design goals
  - What are we trying to accomplish?
  - Continued enhancement of gas and electric coordination
- Department of Commerce and Economic Opportunity budget
  - Can EE help former LIHEAP customers that have been cut off, to reduce usage?<sup>34</sup>
- What information do we need to know to have informed discussions?
  - Data on current (2014) budget across programs
  - Data on cost/unit energy across programs
  - Non-program costs – where is money going?
    - Marketing – 3-4%
    - Research and development (“R&D”) – 3%
    - Evaluation, measurement and verification (“EM&V”) – 3%
    - Administrative costs – generally less than 5% in IL
    - Can the utilities clarify in the Plan whether the non-Program costs used in the Plan represent any non-Rider costs?

### **Up Front Issues for Discussion**

- Department of Commerce and Economic Opportunity Funding (October SAG meetings – Molly Lunn, the Department)
  - Areas they would cover – can the other Program Administrators cover low or low/moderate income customers?
  - Amount – is it 25% of the total 8-103/8-104 funding? (The statute states 25% of the measures).
  - Independent evaluation contract – should the Department have its own evaluation contractor?
  - Should DCEO have its own proceeding and EE Plan?
  - What are realistic goals for the Department?
    - i. Should the Department have to get 20% of the utility goals?
    - ii. Can the Department get the same (\$/therm, kWh), higher or lower than their performance?
    - iii. Is it fair for the Department to assign 20% of the goals if that doesn't reflect their assigned customer base?
  - What is the load of customers that the Department actually serves, as a % of entire load? (ballpark for low-income / public sector)

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<sup>33</sup> See 10-0568 Final Order at 26-27 (December 21, 2010).

<sup>34</sup> This issue was not specifically addressed in the Planning Process because broader low and moderate income issues were discussed by SAG.

- How can we integrate the IPA bidding process with the Section 8-104/8-104 planning process? (Karen Lusson, IL AG) – separate discussion
  - SAG participants need to understand what is in the current IPA Portfolio.
    - i. What programs should go into the IPA?
- Allocation across Programs (October 2015 meetings – Keith Goerss, Ameren Illinois; coordinate with other Program Administrators to include a matrix for each)
  - Residential / Commercial and Industrial (“C&I”) / Market Transformation
  - Maximize savings?
  - Funds allocated according to class contribution or more generally
  - “Balanced” Portfolio of options for customers
  - Roles that Potential Studies play in determining the allocation
- Annual vs. Lifetime Savings (October 2015 meetings – Chris Neme, Energy Futures Group, on behalf of NRDC)
  - To what extent should Program Administrators focus on annual vs. lifetime savings?
  - What happens if you define the EE Plans based on lifetime goals?
- Costs – cents/First year (and lifetime) kWh and dollars/First year (and lifetime) therm – deferred
  - Gas and electric costs – what is current price per kWh/therm savings of the residential and C&I Portfolios?
    - i. Res
    - ii. C&I
    - iii. Low Income
    - iv. By program?
  - What is reasonably aggressive goal (price/kWh; price/therm) for residential and C&I Portfolios?
- Changes to Current Program Design (starting point – current Portfolios) (October SAG meetings – Chris Neme, Energy Futures Group, on behalf of NRDC; in coordination with other stakeholders)
  - Are any changes needed? Is there evidence to support that change?
  - Custom Programs – how do Program Administrators come up with savings?
- Stipulation (SAG Facilitation) – October 2015
  - What are we trying to agree to at the end of this process?
- Policy Manual (Karen Lusson, IL AG) – October 2015
  - Confirm that the Policy Manual is a threshold document for the next 3-year Plan.
- Goals – on the electric side, will there be 3-year goals and budgets? (Keith Goerss, Ameren Illinois; in coordination with ComEd) – October 2015
  - This is a statutory interpretation/legal issue. Utilities need to comply with the statutory requirements.
  - Issues:
    - i. On the savings side, is it a 3-year goal? If it’s a multi-year goal, how is the goal calculated?<sup>35</sup>
    - ii. On the budget side, is it a plan-budget or a multi-year budget? Do those budgets change with either forecasts or actual sales data?

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<sup>35</sup> Multi-year savings is currently an issue in an Ameren Illinois energy efficiency docket.

- iii. Policy issue – if budgets adjust, goals should adjust accordingly.
- Clean Power Plan – how does input from SAG get articulated to IL EPA? What is the relationship between these two processes? – deferred
  - SAG Facilitation to prepare and present Technical Position Paper on possible SAG Portfolio Planning Process Impacts in October 2015 meetings.

### **Additional Issues for Discussion**

1. Funding allocated to low income/moderate income – January 2016
  - Defining “low income” and “moderate income” customers
    - i. Expansion of the low income customer definition.
    - ii. What does “moderate income mean”? What is the purpose of offering programs to this particular subset of customers?
  - Should there be effort to identify how much these populations contribute? Yes.
  - Policy Issue: How much to allocate to these customers?
    - i. At a minimum, proportionate share to customer population.
    - ii. Is this concern the share of low/moderate income population, or the share of the total population?
  - It is possible to offer less efficient equipment for low-income programs and achieve greater savings. (For ex: A 95% AFUE furnace saves apx. 3% more gas than a 92% AFUE furnace, however the cost is apx. 20-25% more). Can the low-income programs serve more customers with their budget if this approach is utilized?
2. Cost-Effectiveness Issues (specific issues are being discussed in different venues)
  - Cost-Effectiveness Screening Issues
    - i. NEBs
    - ii. Common inputs
      1. Transparency in the sources (not always common)
      2. Transparency in incremental cost assumptions
    - iii. Sensitivity analysis
      1. Societal vs. cost of capital discount rate
    - iv. Providing joint program TRC results in Plan filings (not an issue since filing dates differ for gas/electric).
3. Large C&I Customers
  - Customers are currently being served; this sector will not be separately addressed as part of the planning process.
4. Are we allocating EM&V resources in an ideal way? If not, are there any fundamental changes that need to be considered? – April 2016<sup>36</sup>
  - How much money impact vs. process?
  - Forward looking vs. bean counting?
  - Do we need simple discussion annually about forward-looking EM&V?
5. Program Design
  - What specific programs could be improved? – October 2015
  - Maximizing savings vs. comprehensiveness. – Move to threshold issues (a subset of the objectives issue); utilities
  - New program ideas/new technologies/new services? – templates due by Nov. 4

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<sup>36</sup> SAG Facilitation is planning to address EM&V issues in a SAG EM&V Subcommittee.

- Are upstream incentives being utilized to their full potential? – October 2015
  - Gas vs. electric spending (Section 8-104 limits)
  - Smart Grid – are we fully leveraging deployment of smart meters through EE? (This question needs to be addressed within the context of where each utility will be in terms of service territory installation rates.) – April 2016 for evaluation<sup>37</sup>
  - Role of Codes and Standards – can we claim savings? (Codes Collaborative – will this continue?) (Molly Lunn, the Department; Hammad Chaudhry, Nicor Gas)
    - i. Due to the delay, do we want to continue R&D?
    - ii. Key issue is evaluation.
    - iii. Complete the program template.
    - iv. This will be included in the draft IL-NTG Methodologies document circulated for discussion October 2<sup>nd</sup>.
    - v. Codes are important in the context of the TRM.
  - Role of Market Transformation
    - i. What are markets we want to prioritize for transformation?
    - ii. How broadly should market transformation be defined?
6. If we aim for lifetime savings, what changes would be needed in program design? – deferred
7. Wasted Energy – do we have effective program strategies to capture?
- Any SAG participant interested in submitting a program, measure or significant change needs to complete the required template (due by COB on Nov. 9, 2015).
8. Portfolio Gaps?
- Programs
  - Technologies
9. Potential Studies – February 2016
- Role of potential studies. How will they be used?
    - i. Gas – Are there areas we are not currently getting?
    - ii. IPA – Could we use to identify other decisions that could go into Plan?
    - iii. Are there areas we have not been pursuing?
  - What are the bounds of potential studies?
    - i. Is there information gathered that could be leveraged to update the TRM?
    - ii. Is there information gathered that could inform estimates for non-participant spillover?
10. Gas-Electric Coordination
- What programs should be coordinated, ideally?
  - To what extent does lower gas budget preclude full coordination?
  - Providing joint TRC results for programs.
  - Timing to facilitate ComEd having gas final numbers when their Plan is filed.
11. Adjustable Goals
- Reach agreement on the NTG ratios used in the Plan filing.
  - Transparency in calculations and key inputs to facilitate any adjustments. Use the TRM measure code and articulate any assumptions made in calculating.
  - Adjustable Goals template will be discussed in a small group in Policy Manual Subcommittee Version 2.0 process.

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<sup>37</sup> SAG Facilitation is planning to address EM&V issues, including the possibility of utilizing AMI meter data, in a SAG EM&V Subcommittee.

## 12. Statewide Program Marketing

- Can we move to statewide trademark and marketing, similar to MASSaves?<sup>38</sup>
- Pros/Cons of this approach.
- Any SAG participant interested in submitting a program needs to complete the required template (due by COB on Nov. 9, 2015).

## 13. Policy Changes – through Policy Manual Subcommittee process

- Are any needed? Policy changes will be developed through Policy Manual Subcommittee Version 2.0 process. Completed Proposed Policy Template due by COB on December 4, 2015.

## 14. Demand Response

- Inclusion in the next Plan. Is it appropriate to continue these programs once the statutory requirement ends? What about customers that have already signed up?
- Any SAG participant interested in submitting a program needs to complete the required template (due by COB on Nov. 9, 2015).

## 15. Voltage Optimization

- What is the feasibility to offer this? Is this a measure and should it be funded through the Portfolios?
- Any SAG participant interested in submitting a program needs to complete the required template (due by COB on Nov. 9, 2015).

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<sup>38</sup> See <http://www.masssave.com/en/about-mass-save>.

## **Attachment C: Threshold Issues for SAG Portfolio Planning Process – Fall 2015<sup>39</sup>**

During individual SAG Facilitation meetings with stakeholders, several issues were identified as “threshold issues” that ideally should be discussed early in the Planning Process as they may influence portfolio objectives and structure. The threshold issues list is set forth below. The issue list was refined in the September 29, 2015 large group SAG meeting. Various SAG participants, who are listed by each issue, offered to develop a “strawman” proposal for consideration by the stakeholder group in the October 2015 large group SAG meeting.

This threshold issue list is included in the Planning Process Report to document topics that stakeholders considered important. All issues listed below were addressed during portfolio planning, with one exception.<sup>40</sup>

### **Threshold / Up Front Issues for Discussion**

#### ***Issue 1: Stipulation Goals (SAG Facilitation)***

- What are we trying to agree to at the end of this process?

#### ***Issue 2: Policy Manual (Karen Lusson, IL AG)***

- Confirm that the Policy Manual is a threshold document for the next 3-year Plan.

#### ***Issue 3: Goals – on the electric side, will there be 3-year goals and budgets? (Keith Goerss, Ameren Illinois; in coordination with ComEd)***

- This is a statutory interpretation/legal issue. Utilities need to comply with the statutory requirements.
- Issues:
  - a. On the savings side, is it a 3-year goal? If it’s a multi-year goal, how is the goal calculated?
  - b. On the budget side, is it a plan-budget or a multi-year budget? Do those budgets change with either forecasts or actual sales data?
  - c. Policy issue – if budgets adjust, goals should adjust accordingly.

#### ***Issue 4: Annual vs. Lifetime savings (Chris Neme, Energy Futures Group, on behalf of NRDC)***

- To what extent should Program Administrators focus on annual vs. lifetime savings?
- What happens if you define the EE Plans based on lifetime goals?

#### ***Issue 5: Department of Commerce and Economic Opportunity Funding (Molly Lunn, the Department)***

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<sup>39</sup> October 11, 2015.

<sup>40</sup> Initial Clean Power Plan issues were discussed at SAG during the September 2015 meeting (an overview of the Final Order presented by MEEA and an overview of a compliance tool presented by NRDC). In addition, SAG Facilitation presented a memo on the Clean Power Plan and potential portfolio planning impacts at the October SAG meeting. However, the Clean Power Plan was not fully addressed during the Planning Process due to the stay issued by the U.S. Supreme Court in February 2016, which halted implementation of the Clean Power Plan pending a decision by the U.S. Court of Appeals for the District of Columbia Circuit.



- Areas they would cover – can the other Program Administrators cover low or low/moderate income customers?
- Amount – is it 25% of the total 8-103/8-104 funding? (The statute states 25% of the measures).
- Independent evaluation contract – should the Department have its own evaluation contractor?
- Should DCEO have its own proceeding and EE Plan?
- What are realistic goals for the Department?
  - a. Should the Department have to get 20% of the utility goals?
  - b. Can the Department get the same (\$/therm, kWh), higher or lower than their performance?
  - c. Is it fair for the Department to assign 20% of the goals if that doesn't reflect their assigned customer base?
- What is the load of customers that the Department actually serves, as a % of entire load? (ballpark for low-income / public sector)

***Issue 6: Allocation across Programs (Keith Goerss, Ameren Illinois; coordinate with other Program Administrators to include a matrix for each)***

- Residential / Commercial and Industrial (“C&I”) / Market Transformation
- Maximize savings?
- Funds allocated according to class contribution or more generally
- “Balanced” Portfolio of options for customers
- Roles that Potential Studies play in determining the allocation

***Issue 7: Clean Power Plan – How does input from SAG get articulated to IL EPA? What is the relationship between these two processes? (Deferred)***

**Additional Planning Topics**

Clean Power Plan – SAG Facilitation to present a Technical Position Paper on possible SAG Portfolio Planning Process impacts

Program Feedback: Changes to Current Program Design (starting point – current Portfolios) (Chris Neme, Energy Futures Group, on behalf of NRDC)

- Are any changes needed? Is there evidence to support that change?
- Custom Programs – how do Program Administrators come up with savings?