**Illinois EE Stakeholder Advisory Group**

**Fuel Conversion Working Group**

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

**Instructions for Responding to Policy Questions:**

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

**Policy Questions – March 2021**

1. There is a 2-phase question around Section 8-103B(b-25) in the Future Energy Jobs Act (FEJA) – does the statute require the same methodology? If not, is another methodology / conversion factor more appropriate?
   1. Does Section 8-103B(b-25) relate to measures / programs that save both gas and electric for joint programs (or non-joint programs)? The first paragraph makes clear that it applies to joint electric/gas programs in which the gas utility stops funding the program and the electric utility continues to deliver it in a manner that produces both electricity and gas savings. The second paragraph applies to non-joint programs (see response to “b” below)
   2. Since FEJA states that claiming savings from “other fuels” is permissible for measures or programs that save both electricity and other fuels, what does that mean (specifically “*measures or programs that save both electricity and other fuels*?”) NRDC interprets this to mean measures or programs that save both electricity and any other fuel used in a building, including natural gas, propane, fuel oil, etc.
2. Should site or source savings be used for screening criteria (whether a project qualifies as an energy efficiency measure)? For the purpose of determining whether a measure is defined as “efficiency”, the answer is site energy. The definition of an efficiency measure is in the Illinois Power Agency Act. It concludes with the following sentence: "Energy efficiency" also includes measures that reduce the total Btus of electricity, natural gas, and other fuels needed to meet the end use or uses.” While perhaps not as clear as it could be, the reference to “total BTUs of electricity” appears to be most reasonably interpreted to mean the number of BTUs in a unit of electricity (i.e., 3413 BTUs per kWh). The site BTU standard in 8-103B(b-25) supports that conclusion, as it would make no sense to use two different standards for two different purposes.
3. If using source energy is the SAG decision, how is “source energy” or “carbon equivalency” defined for each fuel?
   1. What losses, if any, should be included in source energy? If source BTU is used, marginal loss rates should be included.
   2. Should historic, current or forecast be used, or a blend? Ideally, if source BTU is used, a forecast of future marginal heat rates over the life of the measure should be used. That should include a heat rate of 3413 for the portion of future loads to be met with renewables. While renewables are typically not dispatched on the margin, they are arguably part of a long-term marginal resource. That is especially true to the extent that they are built to meet RPS requirements.
4. Should site or source savings (or carbon equivalency) be used for counting savings?
   1. Does the decision depend on whether it’s an energy conservation measure vs. a fuel switching measure? No. Site BTUs should be used for reasons stated above.
   2. Define “energy conservation measure” Per the Illinois Power Agency Act, “’energy efficiency’ means measures that reduce the amount of electricity or natural gas consumed in order to achieve a given end use.” The language goes on to say that includes savings from voltage optimization as well as measures the reduce total BTUs, which we interpret to refer to fuel-switching measures. See response to Question 2 as well.
   3. Define “fuel switching” Fuel-switching is the installation of a measure that changes increases consumption of one fuel while reducing consumption of another fuel in order to meet a given end use.
   4. Is there a difference between switching between a regulated fuel and a non-regulated fuel? Only in terms of potential cost-effectiveness.
   5. For CHP, does the carbon equivalency need to change (given there is no methodology in the gas statute)? Probably. It was a reasonable compromise at the time it was drafted. However, it should probably be revisited.
   6. Should the answer to the site vs. source question be different in different use cases? No.
   7. How does the site vs. source decision impact custom measures? It shouldn’t be different.
5. There may be statutory language that is applicable for defining an energy efficiency measure; once an energy efficiency measure is identified, how should the savings be calculated? Not clear what the question is asking.
6. Is there a difference between reducing consumption at the site, and eliminating a natural gas customer? Does that change how we treat the savings? No. Not clear why partial electrification would or should be treated differently than total electrification.
7. Are fuel switching measures limited by the 10% cap in FEJA? If fossil fuel savings from electrification is to be counted as kWh equivalents under section b-25, then the amount of such savings that could be counted would also have be limited by the 10% cap in b-25.
8. Are there any differences in these conclusions depending on which fuel is being substituted?
   1. Is there a difference between switching between a regulated fuel and a non-regulated fuel? No. As long as it is a fuel used in buildings (including industry). We do not think transportation fuel-switching applies.
9. When is a utility allowed to claim savings from a gas to electricity fuel switch?
   1. Criteria for electric-only utilities When it is an allowed efficiency measure (because it reduces total site BTUs) and when it is delivered as part of a program that is also providing electricity savings from other non-fuel-switching measures.
   2. Criteria for gas-only utilities When it is an allowed efficiency measure (because it reduces total site BTUs).
   3. Criteria for dual-fuel utilities Depends how savings are to be counted. If as kWh equivalents, then criteria for electric-only utilities applies – and vice versa.
10. Is a source savings calculation required for each installation to determine whether it is an eligible efficiency measure?
    1. If yes, what if measures are delivered midstream and the existing fuel type is not collected? No. First, as noted above, savings calcs should be based on site savings. Secondly, for mass market programs, averages can be used (just as they are for pure electric or pure gas efficiency measures, per the TRM).
    2. Can source savings screening occur for most likely baseline and efficiency assumptions at the start of a program year, and if eligible, no further source screening would be required for the rest of the program year? As previously stated, source savings is not the proper screen. However, for mass market measures site savings assumptions can be developed at the start of (or prior to the start of) the program year, for the applicable typical baseline and measure installation cases, with no further adjustments until the next year. This is the same rule as for non-fuel-switching measures (e.g., through the TRM).