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| To: | Chris Neme, NRDC  Andrey Gribovich, DNV Energy Services USA |
|  | Jennifer Morris, ICC Staff |
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| From: | Jeff Erickson, Kevin Grabner, Guidehouse  Zach Ross, Opinion Dynamics |
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| Date: | October 20, 2021, annotated 2023-05-31 |
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| Re: | Proposed policies for allowing renewable measures under EE programs |

# Introduction

ComEd’s Custom Program implementation team raised a question about the eligibility of measures that use renewable energy (RE) sources to reduce usage of grid-connected electricity or pipeline-supplied natural gas for incentives under the energy efficiency umbrella. This topic was discussed in a call with ComEd, ComEd’s implementation contractor, ICC staff, and Guidehouse staff. Guidehouse produced a memo discussing issues on June 21, 2021[[1]](#footnote-1) and it was subsequently discussed in a SAG Evaluation Working Group on July 14, 2021.[[2]](#footnote-2) This memo is intended to follow on to that discussion by presenting draft policies that will, upon proper review and revision, give the utilities and their independent evaluators guidance about which measures can be included in the energy efficiency portfolios and under what conditions.

# Proposed Policy Positions

## Eligibility

The Illinois General Assembly passed the Climate and Equitable Jobs Act (CEJA, Public Act 102-0662) and Governor Pritzker signed it into law on September 15, 2021. Guidehouse reviewed CEJA and did not identify any language that bans leveraging solar or other renewable source as an energy efficiency measure.

### Original from October 20, 2021

**Policy proposal – Eligible**. The following conditions define a measure or system **is eligible** for inclusion in an energy efficiency portfolio when all of the following are true:

1. The measure reduces usage of grid-connected electricity or pipeline-supplied natural gas because it either:

* 1. Has a renewable energy conversion component that is integral to a single device meeting a specific end use need – i.e., the RE feature and other features are designed, sold and installed as a single device (e.g., PV built into outdoor lighting) and not as separate components that are connected as a system.
  2. Is specifically designed to use a form of renewable energy that is naturally available on-site to reduce the grid or pipeline supplied energy required for a specific end use, without an additional energy conversion step after capture (daylighting, light tubes, solar thermal water heating, etc.).
  3. Produces a renewable energy byproduct on-site from an existing process that can be used to reduce an on-site energy need.

2. The grid or pipeline connections may provide supplemental electricity or natural gas to the renewable energy device but cannot receive energy from the device.

### Example Edits (except for the next one)

**Policy proposal – Eligible**. The following conditions define a measure or system **is eligible** for inclusion in an energy efficiency portfolio when all of the following are true:

1. The measure reduces usage of grid-connected electricity or pipeline-supplied natural gas because it either:

* 1. Has a renewable energy conversion component that is integral to a single device or system meeting a specific end use need – i.e., the RE feature and other features are designed, sold and installed as a single device or a dedicated system package (e.g., PV built into outdoor lighting).
  2. Is specifically designed to use a form of renewable energy that is naturally available on-site to reduce the grid or pipeline supplied energy required for a specific end use, without an additional energy conversion step after capture (daylighting, light tubes, solar thermal water heating, passive solar space heating etc.).
  3. Utilizes an existing on-site produced feedstock to produce renewable energy on-site to reduce an on-site energy need. Energy efficiency savings are limited to the feedstock produced on-site and the site-energy reduced.

2. The grid or pipeline connections may provide supplemental electricity or natural gas to the renewable energy device but energy received from the device is not eligible as energy efficiency.

3. The measure does not receive incentives from or contribute savings to both Illinois renewable energy programs and Illinois energy efficiency programs.

Combined Heat and Power is not considered a RE measure.

### Simplified As Amended by Allen Dusault – Franklin Energy 5-23-2023

**Policy proposal – Eligible**. The following conditions define a measure or system **is eligible** for inclusion in an energy efficiency portfolio when all of the following are true:

1. The measure reduces usage of grid-connected electricity or pipeline supplied natural gas at the customer facility. Removed provisions A, B and C

2. The grid or pipeline connections may provide supplemental electricity or natural gas to the renewable energy device or system, but behind the customer meter generated and net exported energy to the grid or pipeline from the RE generator is not eligible as energy efficiency.

3. [Substitute] The useful energy benefit(s) of a measure, or set of measures, inclusive of energy output, the reduction in energy consumption and/or greenhouse gas emissions, may receive incentives from Illinois utilities for renewable energy programs and Illinois energy efficiency programs; but the RE and EE attributes cannot be double counted as RE and EE, such that they are greater than their total energy output or their benefits.

1. Illinois Solar Measures EE Eligibility Memo 2021-06-21.docx [↑](#footnote-ref-1)
2. Illinois Renewable Measures EE Eligibility SAG 2021-07-14.pptx [↑](#footnote-ref-2)