A History of Coordinating Energy Efficiency Programs between Gas and Electric Utilities

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Presentation Overview

- Historical Review
- Current joint and coordinated programs between ComEd, Nicor and Integrys (Peoples Gas and North Shore Gas)
- Program Blueprints (How to develop and implement joint programs)
  - Agreement models
  - Cost Allocation
  - Participation levels of each party involved
  - Program management and delivery
- Results and Conclusions
Program Overview

ComEd
3.7 million customers

Nicor
2.2 million customers

North Shore Gas Company and Peoples Gas (Integrys)
1 million customers
History

- **2007**: ComEd launches *smart ideas*
- **2008**: ComEd begins collaborating with gas utilities
- **2009**: Creation of Natural Gas EE laws
- **2010**: ComEd files plans with the ICC
- **2011**: Launch of joint and coordinated programs
- **2013**: Working closely to file plans
- **2014**: Currently offering a set of joint and coordinated programs
Reasons for Joint Programs

✓ Joint Programs provide customers with comprehensive solutions through streamlined channels

✓ Cost sharing leverages each utility’s resources and stretched budgets to achieve higher savings – lower cost to achieve

✓ Certain programs are very expensive to deliver by a utility as a stand-alone. Cost to achieve these programs cause them to be eliminated from conventional portfolios
Programs that are Good Candidates for Joint Delivery

Residential

✓ Multi Family Direct Install
✓ Multi Family Common Areas
✓ Home Energy Assessments and DI
✓ New Construction
✓ Elementary Energy Education Kits
✓ Home Energy Rebates (A/C, air-sealing + insulation)
✓ Conferences, training, and workshops.

Commercial

✓ Retro-commissioning
✓ New Construction
✓ Small Business Direct Install
✓ Energy Efficiency Expo
✓ Trade Ally Workshops
✓ Process Heat
✓ Strategic Energy Management
Joint Program Blueprints

- Utility and Third Party Provider Agreements
- Cost Allocation
- Participation Levels - Budgets
- Program Management and Delivery
Utility and Third Party Provider Agreements

- An overall Energy Efficiency Coordination Agreement between the utilities to establish structure, cross license of marks, warranty, indemnify, etc…

- A program by program Cost Allocation Agreement between the utilities

- Separate contracts between each utility and the program implementer
Agreement Model Used Previously in Retro-Commissioning (RCx) Program

Integrys

Coordination Agreement
Cost Allocation Agreements

ComEd

Coordination Agreement
Cost Allocation Agreements

Nicor

Implementation Contract

3rd Party Implementer

RSP

RSP

RSP

RSP

RSP

RSP
Agreement Model Used in the Multi Family Program

Nicor

Utility Coordination Agreement

Cost Allocation Agreement

ComEd

Utility Coordination Agreement

Cost Allocation Agreement

Integrys

MFDI Implementer

MFDI Implementer

Individual Contracts

Individual Contracts

Individual Contracts

Individual Contracts
Cost Allocation

- Consider benefits to each utility
- Pull out all single utility related services
- Determine all mutual benefit services
- Use Avoided Cost as basis for allocation of mutual benefit items
- Need to be re-visited over time
- Precedent did not exist
Cost Allocation
Illustrative Example (Numbers and not actual) – Multi-family DI

<table>
<thead>
<tr>
<th>Program Cost Allocation Summary</th>
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<tbody>
<tr>
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<tr>
<td></td>
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<tr>
<td>kWh</td>
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<td>therms</td>
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<table>
<thead>
<tr>
<th>Cost category</th>
<th>Gas Utility Share</th>
<th>Electric Utility Share</th>
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<tbody>
<tr>
<td>Management Fee</td>
<td>53%</td>
<td>47%</td>
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<tr>
<td>Marketing</td>
<td>53%</td>
<td>47%</td>
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<tr>
<td>Unit Visit Fee</td>
<td>53%</td>
<td>47%</td>
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<tr>
<td>Water Saving Fixtures</td>
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<td></td>
</tr>
<tr>
<td>CFL Installation</td>
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<td>100%</td>
</tr>
<tr>
<td>Common Area Lighting Survey</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>Central Plant Assessment</td>
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<td>100%</td>
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Cost Allocation – Examples of Alternate Methodology Used

• Buying therms or kWh at a special rate or at the rate of a custom project. Methodology used by gas utility to pay for savings from retro-commissioning projects.

• Split cost of events – Marketing, trade ally workshops, Expo, etc

• Pay for incentive and processing fee for A/C units as “ride-along” with furnace processing.
Participation Levels Could be Challenge

- Budget imbalances between utilities limits the one with the higher budgets
- Similar limitations are caused by goal divergence
- How to determine participation levels
  - Residential programs established by the gas utilities
  - C&I programs established by ComEd, but could be limited by the gas utilities’ budgets
  - Recognize limitations and manage accordingly
Program Management

✓ Program Management has a high potential for conflict
✓ Lessons learned:
  • Identify program managers early
  • Recognize each others’ limitations
  • Communicate ..... a lot
  • Approach with an open mind and be flexible
  • Manage your companies marketing and communication (branding) efforts
  • Assess vendor performance together
  • Establish procedural and reporting expectations
  • Coordinate your Call Center needs
Example Area of Potential Conflict: Marketing Materials

- Logo Placement
- Logo Size
- Corporate guidelines
Collaboration Works -
But It takes hard work

✓ Cost reduction (compared to stand alone)
✓ Continuous contact between the utilities provides opportunity to share best practices
✓ Implementation contractors are the most critical link and can facilitate or make very difficult
Thank You!

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