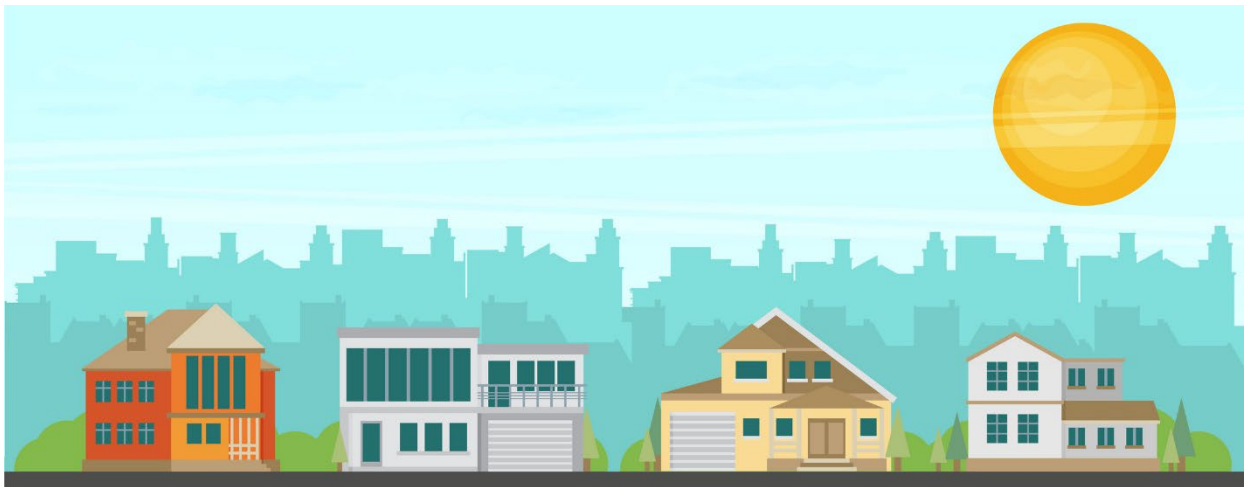


Energy Efficiency Market & Workforce Development Market Effects Benchmarking Study

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Prepared For

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Executive Summary

Study Objectives

This report provides the research findings to identify the methods Illinois utilities can adopt to claim energy savings from the market effects of established Market Development Initiatives (MDIs). The two overarching objectives addressed in this report are:

- Identify and summarize how peer utilities evaluate and claim market effects savings for offerings similar to ComEd's energy efficiency market development and workforce development efforts
- Identify viable options for ComEd to claim such savings within Illinois' current TRM framework

Michaels Energy used a combination of secondary research on utility and energy efficiency organization programs and in-depth interviews of subject matter experts as the foundation for synthesizing the findings. These findings are guided by a benchmarking framework including the following categories: policy and regulatory framework, program rationale and design, evaluation, and outcomes.

Approaches Followed by Other Utilities

Peer utilities in Illinois are not currently claiming savings from the market effects of their Market Development Initiatives but are investigating options. While savings methods are still in development, these utilities are building upon existing performance indicators of their respective MDIs.

A Net-to-Gross adder approach was identified at Xcel Energy in Colorado and at a Massachusetts utility that incorporated workforce development. In Colorado, a market effects adder is included in the Net-to-Gross Ratio (NTGR) equation based on surveys to participants, non-participants, and trade partners. In Massachusetts, an NTGR adder was used to isolate incremental savings attributable to that component, resulting in an assumed overall NTGR of 1.00 after including those incremental impacts.

Additionally, this study identified potential MDI savings pathways through energy efficiency organizations focused on market transformation, connected to specific technologies, in which workforce development is one of many contributing components to market change rather than a standalone driver.

Key Findings and Recommendations

This study found two primary methods for claiming savings from the market effects of market development and workforce development efforts. The proxy/adder approach adapts traditional resource acquisition methods by using an estimated continuous variable or assumed net-to-gross ratios to estimate savings.

Additionally, the market transformation framework, already established in Illinois Technical Reference Manual (IL TRM) Attachment C, is a long-term strategy to permanently shift market practices and consumer purchases toward higher efficiency, beyond what resource acquisition alone can achieve.

In the absence of a specific methodology for the MDI, this study recommends that ComEd pursue the development of an NTG adder to be applied to all measures in the TRM that are determined to be within the sphere of influence of the current MDI program and for which a preponderance of evidence can be established. The NTG adder recommendation, modeled after the National Grid (MA) and Xcel Energy (CO) approaches, can leverage the existing IL-TRM framework to estimate gross and net savings from its EE portfolio. To approach the IL SAG with this new savings approach, this study recommends collaboration with in-state utilities.