Energy Efficiency Regulatory Trends in the Midwest

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Presented at the 2017 Indiana Energy Conference
We are a nonprofit membership organization with 160+ members, including:

- Utilities
- Research institutions
- State and local governments
- Energy efficiency-related businesses

As the key resource and champion for energy efficiency in the Midwest, MEEA helps a diverse range of stakeholders understand and implement cost-effective energy efficiency strategies that provide economic and environmental benefits.
Supporting Energy Efficiency Policy in the Midwest

MEEA’s Role as a Resource

- Supporting Energy Efficiency Policy in the Midwest
- Regional Representation in National Dialogues
- Utility Data Collection and Analysis
- Legislative & Regulatory Analysis
- Share Best Practices
- Education & Advocacy
- State and Regional Coalition-building

MEEA MIDWEST ENERGY EFFICIENCY ALLIANCE
Energy Savings in Midwest States

Electricity

2017 Planned Savings Estimate

Million MWh (TWh) Saved

KS ND SD NE KY MO WI IA IN MN MI IL OH

0.0 0.0 0.02 0.1 0.2 0.4 0.5 0.5 0.6 0.7 1.1 1.4 1.8

MEEA
Energy Savings in Midwest States

Natural Gas

**2017 Planned Savings Estimate**

<table>
<thead>
<tr>
<th>State</th>
<th>Million Thermals Saved</th>
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<tr>
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* Natural Gas savings data not available
Significant areas of regulatory change/action in the Midwest that affect Energy Efficiency

Rulemakings

Proposals & Orders

Broader Steps
Key Changes for Michigan EE Regulation

- Set statewide IRP parameters & modeling assumptions (in collaboration with MAE and DEQ)
- Establish common filing requirements for IRPs
- Independent EE and DR potential studies for Upper Peninsula and Lower Peninsula
- Implement on-bill financing

https://www.michigan.gov/mpsc/0,4639,7-159-80741---,00.html
Key changes for Illinois EE Regulation

- Annual targets set as Cumulative Persisting Annual Savings (CPAS)
- Utilities responsible for all EE
- EE spending can be rate-based
- Rate of return tied to EE goal achievement
- Change to 4-year planning cycle
- Statutory minimum spend on low-income
- Large customer exemption (not an opt-out)
Key Changes for Missouri EE Regulation

- Non-energy benefits included where quantifiable
- Utilities can use statewide TRM or utility-specific
- Public annual DSM reports
- Potential study every 3 years (from 4)
- Statewide collaborative
- Opt-out customers must document savings

Key Changes for Indiana EE Regulation

- Rulemaking #15-06
- Common IRP filing requirements
- IRP stakeholder process
- Common EE plan & reporting requirements
- Draft proposed rule has been published, formal rulemaking has not yet started

http://www.in.gov/iurc/2843.htm
Modified target approved

- Plan had modified goal less than FEJA
- Approved but must refile in 30 days to include ICC staff rec’s for more savings
- Unique service territory, budget limits and industrial exemption led to mod target
- Still expected to meet 2030 CPAS target
- Performance to be reviewed after 1 year
- Any 2018 incentive will be donated

Plan withdrawn after modification

- 3-year, $29.7 million EE plan
- Approved, but with extensive modifications
- Plan subsequently withdrawn as allowed by KEEIA
- Company has stated desire to extend current programs until a new proposal.

http://estar.kcc.ks.gov/estar/portal/kccc/PSC/DocketDetails.aspx?DocketId=1503133f-e8e0-4f64-89c9-f6499959bd5c
Will propose industrial opt-out

- 2019-2023 plan
- Discussed proposed plan at stakeholder meeting on Sept. 21, 2017
- Propose opt-out for customers with >15MW at a single meter
- Plan to be filed Nov. 1, 2017
- Opt-out has previously been denied by Iowa Utilities Board
Explorations of future regulatory & technology trends

Utility of the future

Broader Steps

Working Case EW-2017-0245 (Missouri)
NextGrid (Illinois)
e21 (Minnesota)
Power Forward (Ohio)
Common elements

- Long-term projects (6+ months)
- Stakeholder engagement
- Public workshops
Exploration of the future of grid & metering tech and how smarter grids will communicate securely
The future of rate design & utility compensation

- Exploration of rate design & utility business model topics such as
  - Performance-based regulation
  - Cost of service / customer charges

MO
IL
MN
OH
The role of DERs in the future grid

Distributed Energy Resources

- Customer-owned, community & utility-scale resources
- Energy storage
- Interconnection

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Customer Empowerment
Active, educated energy users

• How utilities serve customers through smart meters, thermostats & appliances
  – Energy usage data
  – TOU & peak time billing

MO  IL  MN  OH
Additional areas
Some of the other areas being explored

- Electric markets IL
- Efficiency financing MO
- Integrated system planning MN
- Policy resiliency IL
- Pilot projects MN
Takeaways

The big ideas right now in Midwest EE regulation

- Aligning/re-aligning regulations with legislation
- Consistency
  - Potential studies & assumptions
  - IRP modeling parameters & scenarios
  - Reporting standards
- Utility rate of return for EE
  - Performance incentives & lost revenues
- Specific customer classes
  - Large customer / industrial opt-outs
  - Emphasis on low-income customers & programs
- Public participation & stakeholder involvement
- The future of the grid & energy regulation
Thank you!

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