



**NextGrid: Utility of the Future Study
Ratemaking Working Group
Meeting No. 4**

Date: September 13, 2018

Time: 1:00 – 5:00 pm

Location: Main Hearing Room, Illinois Commerce Commission
160 North LaSalle, Suite C-800
Chicago, Illinois 60601

WebEx Information:

www.webex.com or 1-415-655-0002

Meeting number (access code): 808 761 682

Meeting password: 2zF777At

Meeting Summary

[Note: descriptions of comments and discussion are condensed summaries and paraphrases]

Attendee List:

Working Group Leaders:

WebEx

Ken Costello, Principal Researcher, *National Regulatory Research Institute*

Carl Pechman, *Director, National Regulatory Research Institute*

Kathryn Klein, *Senior Research Associate, National Regulatory Research Institute*

Working Group Members:

In Person

Terrance Garmon, *Illinois Commerce Commission*

Katharine McErlean, *Illinois Commerce Commission*

Bob Stephens, *BAI Consulting*

Kristin Munsch, *Illinois Citizens Utility Board*

Jeff Orcutt, *Chapman Energy Strategies LLC*

Philip R. O'Connor, *PROactive Strategies Inc.*

Erin M. O'Connell-Diaz, *Future Forward Inc.*

James Gignac, *Union of Concerned Scientist*

Rob Kelter, *ELPC*

Paul Centolella, *Paul Centolella & Associates*

Chris Foley, *Commonwealth Edison Company*
Mary J. Stephenson Schroeder, *Stephen Schroeder Ltd.*
Rebecca Stanfield, *Vote Solar*
Will Kennedy, *Vote Solar*
Christopher Townsend, *The NextGrid Coalition*
Katie Stonewater, *Illinois Chamber of Commerce*

WebEx

Mary Cohen, *NextGrid Senior Study Consultant*
Albert Sturtevant, *Whitt Sturtevant LLP*
Chad Newhouse, *Commonwealth Edison Company*
Cheryl Dietrich, *NextEra Energy Resources LLC*
Christopher Villarreal, *Plugged In Strategies*
Christie Hicks, *Environmental Defense Fund*
Julie Vahling, *AARP IL*
Janice Dale, Karen Luson, *Office of the Illinois Attorney General*
Ladeene Freimuth, *Gridwise Alliance*
Mark Templeton, *Abrams Environmental Law Clinic at the University of Chicago Law School*
Mike Munson, *Building Owners and Managers Association*
Patricia Sharkey, *Midwest Cogeneration Association*
Paul Alvarez, *Wired group*
Ron Tabaczynski, *Building Owners and Managers Association*
Ross C Hemphill, *RCHemphill Solutions LLC*
Sarah Reynolds, *Ameren Illinois*

Absent

Advanced Energy Economy Institute
Apex Clean Energy
BP America Inc.
Johnson Blumberg and Associates
ChargePoint
Clark Hill PLC (Partner) (Law Firm)
Cypress Creek Renewables
Delta Institute
Direct Energy
Elevate Energy
Eligo Energy, LLC
Glidepath
Greenlots
Illinois American Water
Illinois House of Representatives
Illinois Industrial Energy Consumers

Illinois Manufacturers' Association
Itron
Johnson Blumberg and Associates
Midwest Energy Efficiency Alliance
Natural Resources Defense Council
Open Access Technology International, Inc. (OATI)
Progressive Energy Solutions, LLC (Technical Consulting)
Retail Energy Supply Association ("RESA")
Sunrun
Tesla
The Accelerate Group
The Power Bureau
University of Illinois (Academia)
Uptake

Members of the Public and Non-working groups Members:

WebEx

Marty Cohen, *NextGrid Senior Study Consultant*
Jim Zolnierek, *Illinois Commerce Commission*
Terrance Garmon, *Illinois Commerce Commission*
Katharine McErlean, *Illinois Commerce Commission*
Lynnea Johnson, *University of Illinois, NextGrid Lead Facilitator Team*
Louis Harris, *Illinois Citizen*
Scott Struck, *Illinois Commerce Commission*
Torseten Clausen, *Illinois Commerce Commission*
Mike Waters
Dwane
Liz Lau

Agenda/Meeting Materials

- [Attach final meeting agenda and all meeting materials]

Time	Agenda Item	Presenter
1:00 - 1:10 pm (10 minutes)	Welcome and Introductions	WG7 Leader
1:10-1:30 pm (20 minutes)	Old Business, outstanding issues	WG7 Leader
1:30-2:50pm (80 minutes)	Review of Draft including Discussion of Recommendations -Participants will have 5-10 minutes each to provide feedback	WG7 Leader & participants
2:50-3:00 pm (10 minutes)	Break	
3:00-3:50 pm (50 minutes)	Discussion of Draft and Recommendations continued, final thoughts	WG7 Leader & participants
3:50 -4:50 pm	Public Comment (Subject to change depending on the number of public comments)	WG7 Leader
4:50 – 5:00 pm (10 minutes)	Next Steps	WG7 Leader

Materials

- WG7 Chapter draft

Meeting Notes

Action items are indicated in red font

[Welcome, old business, Carl Pechman, NRRI]

- Welcome, introduction
- Public comment will be accepted at the end of the meeting
[Pat Sharkey, Midwest Co-Gen]
- Pat has included several supplemental documents which will be included on the google docs
- Pat has been coordination with 5 Lakes to analyze full service tariffs for standby customers from Ameren and ComEd

- Pat wants to correct the record, there was a transposition of numbers that led to a statement that Ameren’s charges were higher than expected. Ameren’s charges, when correctly calculated are very similar to ComEd
- Documents include a table comparing other Midwestern tariffs—ComEd’s standby tariffs come out in the midrange, but there are several utilities that are prorating standby charges for customers, scheduling maintenance, and using peak and off-peak charging
- There are several utilities in the region that are following what Midwest Cogen has determined to be “best practices”
- Midwest CoGen thinks there is room for improvement

[Carl Pechman, Timeline, NRR]

- What is an appropriate timeline? Carl would like final comments by Next Wednesday, Sept. 19th
- WG7 participants would appreciate a longer timeline

[Overview of WG7 Chapter Draft, Ken Costello, NRR]

- The chapter was developed based on a NextGrid chapter framework provided by the NextGrid leaders
- Began with a historical overview of the utility ratemaking
- Included key topics and questions for the working group
- Draft currently includes extensive outlining, which will be crafted into more concise overviews in the final draft
- The end of the chapter includes a summary of the discussion, which takes comments, and tries to more broadly articulate what’s being said
- Consensus (defined as full participant agreement) was not reached on any of the issues, so different stakeholder views are represented
- Survey sent around a few weeks ago, that identifies “next steps” and issues of importance, are included in the next steps section of the chapter

[Questions]

- Consensus: original resolution asks for consensus, while advisory group doesn’t provide that directive—why the difference
 - These are complex issues, and the difference between “consensus” and “agreement” are not the same
 - This process has grown and developed throughout, consensus might have been an overly-ambitious goal
- Participants think it may be prudent to include a qualifying statement at the beginning that identifies that no consensus was reached, and this provides “opinions”
 - Perhaps we can clarify language
- How do we plan to elaborate more on the final questions?

- The main purpose of this report is to include the different comments, and positions of all the parties involved. That’s the purpose of this open comment process—to let the writers know if perspectives were not included
- Will there be an option to comment on document line by line?
 - Yes
 - We won’t add new sections to the report, but will certainly be included additional detail if people feel their ideas haven’t been included
- Once comments are included, will there be another opportunity for participants to review edits before final draft is submitted?
 - There is a time crunch
 - U. of IL will have final editing rights, there will be an opportunity for commenting of the final draft
- Concern that rush in the process will not allow enough feedback time from stakeholder groups, that participants are representing
- Request to include a forward to provide consensus, timeline perspective—this isn’t going to be perfect—**participants will craft a disclaimer for the beginning of the document**
- **Comments will be due on the 27th of September**
 - Include a description of the process for the working group (so time limitations can be understood by readers)

[Initial Comments for Document]

- Sentences may start with assumptions that participants don’t agree with (ex: financial incentives are necessary to reach policy goals)—will be challenging assumptions built into some sentences that haven’t been proven through this process
- This process didn’t have time for participants to address the issue of: What isn’t happening that should be happening in our current regulatory environment?
- Lack of certainty about timeline
- Starts with an assumption that the system is broken, an implication that something must be done to help the utility, and that’s not necessarily needed
- Perspective seems to favor a utility perspective, what is the consumer perspective? This information should be included in WG7 chapter.
 - How would the ratemaking mechanisms discussed impact the competitive market?
- Want to ensure that the report does not presume things. Particularly, the conclusions around DG and energy efficiency did not represent the differing views on that topic
 - Volumetric pricing can work
- Need to come up with an inventory of policy opinions
- 1.1-1.5 seen as “framing sections”
- **Anyone who would like to suggest phrasing for “framing comments” please submit by September 19th**
- Perhaps we could just prime opinionated statements by attributing them to “specific stakeholders”

- Need to ensure that phrasing doesn't suggest conclusions (ex: fixed costs vs. just calling them "authorized costs"). These assumptions may be questioned
- Thought this group's purpose was to try to discuss ideas, so when we talk about the making a clear preface—want to go on record to state that our purpose was to consider big thoughts about the future and moving energy forward. Want to make sure ratepayers are not over-impacted.
- This report must advance the discussion by identifying meaningful issues. This should lay out a framework of the relevant issues for policy makers going forward, so it doesn't become "mush". Where are the substantive differences, how can we begin to address those differences?
- There is a line on page 5 about "self-interest versus public interest" that should be struck from the document. Everyone is representing a legitimate public interest
 - Would like to see more attention given to cost of service and cost drivers in the report
 - Real time pricing, cost allocation, price signals through rate design, make sure it's all transparent and clear for the consumer.
 - Transparency is so important in that.
 - Residential consumers are often not getting price signals very clearly—this is a fundamental problem. Need to figure out how to send those signals.
 - Cost of service
 - Transparency in rate design is very important.
- we may be able to reach consensus around the Transparency issue (!!)
- The word she would use is simplification. Need to know what the bill is. Knowing what you're paying for is the most difficult thing.
- (CARL) while we didn't dive into bill presentation, is it worthwhile to bring a conversation into the document to about clarity on bill being an important part of the process.
- we think we do a good job on bills, everyone has some wordsmithing to do. There is some natural overlap in different working groups
- (KEN) in the challenges section on page 6—include affordability as one of the challenges
- Report should be open-minded,

[Break]

- 1. Disproportionate emphasis on PBR. There is a provision in IL law that would allow PBR, 2. Historic ratemaking: not applicable to current rates in IL, that section doesn't have any counter opinions about concerns with current ratemaking approaches. 3. Legislative background—paints a rosier picture of FIJA laws than many customers would appreciate. Stable rates are more due to decrease in cost of energy, than delivery.
- On PBR—it's worthwhile to say performance is already built in, might be helpful to have more of a description about multi-year rate plans. Might help to clarify the options available to be considered
- How much comments/feedback on the current situation in IL are authors looking for?
 - (CARL) Nothing incorrect, things you think are important. If you think things aren't going well, say why. Forward looking, but to the extent that current situation will impact the

future of ratemaking, it's helpful to provide comment. Also, any inaccuracies in the record.

- so, process issues with Legislature?
- Around Dynamic pricing, differences in TOU, offer some perspective on previous conversations
- Offering more questions for consideration around Performance Based Ratemaking
- Comments to submit focus on chapter one (time varying rates), valuation of DER (1. DER seems only defined as solar, and include additional things like storage, 2. Topic of valuation or compensation of services or benefits)
- Report should indicate that certain provisions within FIJA that are already established that will address issues (ex: litigating solar inverter rate recovery, valuation of solar and whether there should be additional compensation) that framework is already in FIJA law as a docketed proceeding. **AG's office will provide this background information**
- Also agrees that there should be definitions surrounding DER and possibly other vocabulary.

Meeting Adjourned.

Next Steps

- If documents are missing from the WG7 google drive, please resend any missing documents to WG7 leaders as attachments
- **participants will craft a disclaimer for the beginning of the document**
- **Comments will be due on the 27th of September**
- **Anyone who would like to suggest phrasing for "framing comments" please submit by September 19th**
- **AG's office will provide this background information on FIJA (see above notes for details)**