

**Commonwealth Edison Company
2018-2021 Energy Efficiency and Demand Response Plan
Settlement Stipulation**

I. INTRODUCTION

This Settlement Stipulation (“Stipulation”), when fully executed and accepted, will constitute a valid settlement agreement enforceable among Commonwealth Edison Company, an Illinois corporation (“ComEd” or the “Company”), the Staff of the Illinois Commerce Commission (“Staff” or “ICC Staff”), the Illinois Attorney General’s Office, the City of Chicago, the Citizens Utility Board, the Environmental Defense Fund, and the Natural Resources Defense Council (each a “Party” and, collectively, the “Parties”).

The ComEd Energy Efficiency and Demand Response Plan for calendar years 2018 through 2021 (the “Plan” or “2018-2021 Plan”) is required to be filed with the Illinois Commerce Commission (“ICC” or “Commission”) on or before July 3, 2017, pursuant to Section 8-103B of the Public Utilities Act (the “Act”), 220 ILCS 5/8-103B. The Company’s proposed 2018-2021 Plan has been the subject of lengthy discussion among the Parties with the goal of reaching consensus on the portfolio of energy efficiency programs to be implemented by ComEd for calendar years 2018 through 2021, which is the period from January 1, 2018 through December 31, 2021.

This Stipulation is intended to memorialize that each and all of the signatory Parties are in agreement that the Company’s 2018-2021 Plan, which was filed on June 30, 2017, and is pending before the Commission in ICC Docket No. 17-0312, satisfies the requirements of Section 8-103B and, therefore, should be approved by the Commission. In addition, this Stipulation memorializes the compromise between and among the Parties regarding certain disputed issues raised during the course of settlement discussions as further detailed below. To the extent that any provision in this Stipulation is not specifically memorialized in the filed Plan, ComEd agrees that it will implement the Plan consistent with the terms of this Stipulation. Compromise by any Party on any particular issue set forth in this Stipulation or in the 2018-2021 Plan shall not constitute, and shall not be construed or interpreted to constitute, an endorsement of the resolution achieved by that compromise for any purpose other than as set forth in this Stipulation.

This Stipulation is the result of negotiation at arms’ length between and among the Parties, all of whom have been represented by counsel, and memorializes the Parties’ agreements. Thus, the Parties, intending to be legally bound and acknowledging the benefit to be derived from the mutual promises and commitments contained herein, agree as follows:

II. STIPULATION OVERVIEW

The Parties agree that the compromise positions memorialized in this Stipulation allow for ComEd to achieve the statutory savings goals set forth in Section 8-103B of the Act, while ensuring

that expenditures remain within the budgets established by Section 8-103B(m). The Parties agree that the Company's proposed 2018-2021 Plan, inclusive of the compromise positions memorialized in this Stipulation, is consistent with and satisfies the statutory obligations included in Section 8-103B and, in particular, Section 8-103B(g).

The Parties agree to the Stipulations set forth below, and seek to have the Commission adopt the Stipulations in the Final Order approving the Company's proposed 2018-2021 Plan.

III. PLAN BUDGET AND ENERGY SAVINGS GOALS STIPULATIONS

- A. ComEd commits to meet each of the annual savings targets and will not be asking for any modifications to such targets for the 2018-2021 plan period.
- B. ComEd affirms that it has developed this Plan not only to meet the 2018-2021 statutory savings targets, but also with an eye to laying a foundation to enable it to meet statutory savings targets in subsequent years as well (*e.g.*, through significant investment and focus in the 2018-2021 period on longer-lived efficiency measures).
- C. ComEd will operate and implement its energy efficiency programs in a manner that seeks to ensure that no disruption in the delivery of measures and programs will occur during the course of a program year.
- D. While ComEd retains the flexibility, as documented in the Illinois Energy Efficiency Policy Manual ("Policy Manual"), to shift resources between programs and measures, ComEd agrees that it will not exercise this flexibility in a way that results in: 1) a portfolio weighted average measure life decrease greater than 0.5 year lower than the filed Plan that is the subject of this Stipulation.
- E. During the 2018-2021 Plan, notwithstanding the portfolio flexibility provisions of the Policy Manual, ComEd agrees to spend an average of at least \$42.2 million per year over the 2018-2021 Plan period on low-income ("Low-Income," "Income-Qualified," or "IQ") sector targeted programs or initiatives (*i.e.*, outside of the regular Residential program portfolio), through jointly delivered ComEd Electric and Nicor/PGL/NS Gas Low-Income programs and other stand-alone programs and initiatives, as described in this Stipulation and in its filed Plan. This amount includes the allocations for Public Housing and ComEd's June 15, 2017 offer to increase Income-Qualified programs by another \$3 million. ComEd will invest that additional \$3 million in single-family and multi-family comprehensive retrofit programs. *See infra* Section IV.B.2 (defining "comprehensive retrofit"). On average, ComEd will plan to spend a minimum of \$19.9 million per year of that amount (excluding allocated portfolio costs) on the combination of single-family and multi-family whole building retrofit programs.

In addition to the \$6 million allocated to Third Party programs in years 2-4 of the Plan that are currently included in the ComEd Third Party program batch files, ComEd commits to spend on average, over the four-year Plan period, a minimum of \$6 million annually dedicated to Income-Qualified programs or research from either Research and Development (“R&D”) or Third Party expenditures, provided that there are proposals for such spending and appropriate R&D opportunities that are meritorious. ComEd commits to work with stakeholders with the goal of reaching consensus on the development of R&D IQ programs and Third Party requests for proposals (“RFPs”) related to these programs, as well as the review of Third Party proposals that are received. The IQ Third Party programs will be developed through separate RFP(s) specifically dedicated to IQ programs.

IV. PROGRAM-LEVEL STIPULATIONS

A. Income-Qualified Residential Programs – Eligibility Criteria

1. The ComEd Income-Qualified programs will be designed with the intent to serve eligible Low-Income customers, defined as customers whose annual income falls at or below 80% Area Median Income (“AMI”).
2. ComEd and its implementers will identify and target and qualify eligible single- and multi-family Low-Income customers using U.S. Census tract data and/or other methodologies consistent with best practices for determining the customers being served by the Low-Income programs. The Company will also offer a secondary compliance method for allowing owners of multi-family buildings, whose buildings are not in designated census tracts, to qualify. The details of developing such secondary compliance method will be developed in consultation with the Income Qualified Advisory Committee
3. Single-family program customers whose income falls at or below 80% AMI shall not be required to pay a co-pay for income-qualified measures for currently proposed Low-Income programs, excluding the “Lighting Discounts – Income-Eligible” program.

B. Income-Qualified Program Design

The following provisions address program design for multi-family buildings in the Income-Qualified programs:

1. ComEd agrees to commit to providing appropriate incentive levels for the subsidized and unsubsidized multi-family rental stock that are flexible

enough to meet the individual needs of the owner. To that end, ComEd commits to the following in the implementation of its multi-family Income-Qualified programs:

Subsidized Multi-family Buildings

- a. Provide, when practicable and in consideration of program performance goals, no less than 75% of an incentive/grant for retrofits to subsidized multi-family building owners, and at a level that takes into account the owner's financing needs;
- b. Offer On-Bill Financing (as provided in Section 16-111.7 of the Act), to the extent funding is available, or other financing mechanisms to participants in the Income-Qualified programs;
- c. Provide, when requested by the multi-family subsidized building owner, a promissory note regarding program incentives in order to acquire financing.

Unsubsidized Multi-family Buildings

- d. Provide a partial incentive/grant to building owners at a level that takes into account the owner's financing needs, including incentives that are less than 50% where applicable;
 - e. Offer On-Bill Financing (as provided for in Section 16-111.7 of the Act), to the extent funding is available, or other financing mechanisms to participants in the Income-Qualified programs;
 - f. Provide, when requested by the multi-family unsubsidized building, a promissory note regarding program incentives in order to acquire financing.
2. ComEd also agrees to implement an approach to energy efficiency projects that incorporates comprehensive retrofit activity. A comprehensive retrofit is defined as an energy efficiency project that applies a whole-building approach that touches multiple systems and components of an eligible utility customer's residence or business facility, which may include incentives for heating, cooling, and/or the building envelope when cost-effective, as well as providing a whole-building assessment while ensuring that comprehensive retrofits comply with industry best practices and standards. Comprehensive retrofit projects focus on improving energy efficiency to result in lower whole-building energy use.

3. ComEd also commits to creating long-term relationships with customers to ensure a comprehensive retrofit happens over time, recognizing that customers may be unable to complete all measures at once due to capacity and resource limitations. To that end, ComEd will allow for a multi-family building owner to be counted as a participant in multiple program years for implementing different measures in each year.
4. ComEd also agrees to maintain follow-up with multi-family building owners, including the provision of construction support to ensure that the installations are done competently and result in forecasted savings, operations and maintenance training for new equipment, ongoing monitoring to measure performance post-retrofit, and technical assistance for resolving health and safety issues.
5. ComEd commits that it will spend at least \$8.25 million per year, on average, on its Income-Qualified multi-family comprehensive retrofit program.

C. Leveraging of Existing Low-Income Program Implementers

1. Implementation of energy efficiency measures and programs targeted at Low-Income households should be contracted, unless not practicable, to independent third parties that have demonstrated capabilities to serve such households, with a preference for not-for-profit entities and government agencies that have existing relationships with or experience serving Low-Income communities in the State. In that regard, ComEd agrees to:
 - a. Utilize the existing Illinois Home Weatherization Assistance Program (“IHWAP”), assuming the availability of federal and/or state funding sufficient to maintain the IHWAP delivery infrastructure, and independent third parties that have demonstrated capabilities to serve Low-Income households and buildings, with a preference for not-for-profit entities and government agencies that have existing relationships with or experience serving Low-Income communities in the State, to deliver single- and multi-family retrofit programs for customers whose income falls at or below 80% AMI. ComEd reserves the right to use a prime contractor to manage these contracts if ComEd deems this is in the best interest of its portfolio.
 - b. Implement energy efficiency program training, to the extent practicable, through the existing IHWAP program training infrastructure, assuming the availability of federal and/or state funding sufficient to maintain the IHWAP delivery infrastructure,

with an emphasis and focus on trainee recruitment in economically disadvantaged communities. Any expenses incurred through these training activities will count towards the Income-Qualified allocation spend.

- c. Market Income-Qualified programs through existing IHWAP, assuming the availability of federal and/or state funding sufficient to maintain the IHWAP delivery infrastructure, and independent third party program channels, including local vendors, trusted community partners and community action agencies that have on-the-ground experience in Low-Income communities.
- d. For IHWAP-implemented programs, ComEd will pay only for the cost of efficiency measures. ComEd will leverage IHWAP's other sources of funding to cover health and safety costs, contractor training, marketing, and administration costs, assuming the availability of federal and/or state funding sufficient to maintain the IHWAP delivery infrastructure. For customers not served through IHWAP, depending on the vendor(s) delivering the efficiency measures, it may be appropriate to support some non-measure costs.
- e. ComEd will, when practicable, contract directly with such entities described in this Section IV.C.1.
- f. Program Administrator-initiated decisions to not contract with independent third parties that have demonstrated capabilities to serve Income-Qualified households, including not-for-profit entities and government agencies that have existing relationships with or experience serving Low-Income communities in the State, will be brought to the Stakeholder Advisory Group ("SAG") and the Income-Qualified Energy Efficiency Advisory Committee in order to provide notice and feedback regarding the proposed change. To the extent practicable and in consideration of program continuity concerns, these contacting changes will be presented to SAG and the Income-Qualified Energy Efficiency Advisory Committee before implementation.
- g. ComEd will, in conjunction with PGL/NS and Nicor, explore the use of, and utilize when practicable, the vendors described in this Section IV.C.1., including IHWAP, for direct installation programs for Income-Qualified customers. Cost-efficiency, inter-utility coordination, experience in Income-Qualified customer outreach,

and ability to access buildings shall guide this implementation decision.

2. ComEd agrees to develop and implement reporting procedures that address and assist in determining the amount of energy savings that can be applied to the Low-Income procurement and expenditure requirements set forth in Section 8-103B(c) of the Act.

D. Commitments Regarding Interactions with the Income-Qualified Advisory Committee

1. ComEd agrees to report on a quarterly basis to both the Income-Qualified Energy Efficiency Advisory Committee and the SAG on the development of reporting metrics on the following topics:
 - a. Identification of budget, savings, and number of participants served through Income-Qualified Plan funding, separately tracking by single-family and multi-family programs;
 - b. Job training in economically disadvantaged and diverse communities within its service territory that is supported by ComEd's efficiency program portfolio funding, including training offered through the IHWAP program necessary to increase capacity to deliver services in ComEd's territory;
 - c. Income-Qualified pilot program results;
 - d. Identification of implementation vendors who receive funding designated for Income-Qualified programs, indicating whether each vendor is an independent third party that has demonstrated capabilities to serve such households, including not-for-profit entities and government agencies that have existing relationships with or experience serving Low-Income communities in the State.
2. ComEd agrees to work in good faith to consult with and reach consensus with the Income-Qualified Advisory Committee on issues of importance to the Committee, including but not limited to the following:
 - a. Development of program information and practices for Income-Qualified programs, including the identification and reflection of non-energy benefits ("NEBs") such as comfort, health and safety, reduced tenant turnover, reduced shut-offs, reduction in revenue

collection costs, and lower energy burden in Income-Qualified measures and programs;

- b. Analysis and identification of new branding, marketing, outreach, design, and innovation opportunities;
- c. Discussion of opportunities for coordination of energy efficiency, IHWAP, and other job training initiatives in Low-Income communities;
- d. Discussion of opportunities for consultation and coordination of job training, where applicable, with the Department of Commerce and Economic Opportunity's Office of Employment and Training and Office of Community Assistance;
- e. Discussion of opportunities for ensuring diversity in energy efficiency training and hiring of individuals from economically disadvantaged and diverse communities;
- f. Further discussions related to direct contracting with independent third parties that have demonstrated capabilities to serve Income-Qualified households, with a preference for not-for-profit entities and government agencies that have existing relationships with or experience serving Low-Income communities in the State. The purpose would be to understand the economic and job creation impact by using these strategies and to establish best practices guidelines.

E. Individual Program Measures

ComEd also commits to developing the following measures during 2018 for introduction during the 2019 – 2021 calendar years:

1. **Smart Thermostats.** ComEd agrees to work with other utilities and stakeholders toward development of a single rebate application, instant discount or midstream smart thermostat offering for implementation by January 1, 2019. ComEd will review on an annual basis whether adjustment of incentive levels is appropriate during the Plan to ensure that incentive levels reflect the efficient use of program dollars and needed customer inducements.
2. **Ductless Heat Pumps.** ComEd commits to work with stakeholders participating in the SAG to develop a cost-effective expanded Residential

Low-Income, all-electric multi-family program that includes a bulk purchase of high performance, cold climate ductless heat pumps as well as comprehensive treatment of building envelop measures. ComEd will work with stakeholders to develop such a program during 2017, run it as a pilot during 2018 (possibly funded through R&D), and if successful, implement as a program, possibly to be bid through the Third-Party program bidding process outlined in Section 8-103B(g)(4.5) of the Act, with savings targets.

F. Commercial and Industrial Programs

ComEd will commit to working with other utilities in the State, to deliver a pilot upstream incentive offering for commercial kitchen rebates for eligible business customers (possibly funded through the R&D funds), with a focus on taking advantage of Statewide distributor networks and the associated efficiencies, with a goal of implementing the program beginning in 2019 assuming a cost-effective program design is developed.

G. Public Sector Programs

ComEd commits to closely monitoring whether incentive levels for Public Sector measures and programs, which are defined in Section 8-103B(c) of the Act and in the Plan, are sufficient, in order to determine whether incentives need to be increased to meet the Plan's savings goals. ComEd will track and report its incentive monitoring on a quarterly basis as a component of its quarterly SAG program performance reports. If ComEd is not on track to meet Public Sector spending requirements and savings goals as of June 30, 2018, then the Parties may discuss program adjustments, including incentive level increases, at that time. Beginning with the second calendar year of ComEd's Plan (*i.e.*, 2019), ComEd will include, in its quarterly reports to SAG, additional performance data, including but not limited to the geographic distribution of Public Sector customers participating in incentive programs and the types of program measures utilized by Public Sector customers. This additional data may be reviewed by all Parties and should inform any future program adjustments.

H. Third Party Programs

ComEd agrees to work with interested stakeholders during 2018 on the development of RFPs for Third Party programs for years 2019-2021, including the transition of pilot programs developed through R&D initiatives, and as discussed above.

V. RESEARCH AND DEVELOPMENT / EVALUATION, MEASUREMENT, AND VERIFICATION COMMITMENTS

ComEd commits to work with interested stakeholders and use best efforts to reach consensus through SAG in the development of evaluation, measurement, and verification

(“EM&V”) approaches and pilot R&D programs to develop new programs and measures, and to more effectively leverage the value of Advanced Metering Infrastructure data.

Among the potential uses of such data that should be considered are:

1. The use of interval (30 minute) consumption data to develop load profiles for customers based on sector (residential, small commercial, and large commercial). The load profiles will be used to help determine the best possible energy and demand savings interventions for customers based on usage patterns (*e.g.*, overall usage, peak demand, time-of-day, cooling/heating/base load, etc.). This data may be used to target market offerings to customers through custom communications or targeted marketing efforts. This data analysis may also be used to direct customers to utility services and programs outside of energy efficiency.
2. The use of consumption data and energy efficiency project data as analytics tools to track actual savings from projects and programs, including the Income-Qualified programs, to perform remote and intelligent quality assurance/quality control (“QA/QC”), where practicable. Advanced Metering Infrastructure data may be used to perform intelligent QA/QC for projects and programs and oversee trade allies performing the projects.
3. The creation of a pilot program using Advanced Metering Infrastructure data and analytics software, to track the savings from projects completed by each individual trade ally and monitor performance across the service territory. For example, the utility can use data from home performance contractors and billing data to evaluate the performance of the contractors on their projects to analyze effectiveness of trade ally performance.
4. The use of data analytics tools (“M&V 2.0”) to support an enhanced EM&V process by automatically measuring savings from projects and programs in less time than traditional evaluation. ComEd, in consultation with the SAG, commits to identifying the measures that potentially can most rapidly and cost-effectively improve existing EM&V processes, tasks, and tools in terms of granularity and speed using M&V 2.0 tools and Advanced Metering Infrastructure data. Vendors and pilots for this project will be selected through a competitive solicitation with input and consultation from the SAG.
5. The use of selected M&V 2.0 tools and Advanced Metering Infrastructure data to improve the accuracy and process time of evaluating individual energy efficiency programs and subsequent updates to the Illinois Statewide Technical Reference Manual for Energy Efficiency (“TRM” or “IL-TRM”).

VI. OTHER STIPULATIONS

A. Workforce Development and Supplier Diversity

1. ComEd agrees to work with the Income-Qualified Advisory Committee in the development of a metric to be added to quarterly energy efficiency reports filed with the Commission that reports the number of businesses and employees based in economically disadvantaged communities hired to assist in the delivery of energy efficiency programs.
2. ComEd agrees to discuss, and establish goals and best practices outside the context of Docket No. 17-0312, in consultation with the Income-Qualified Advisory Committee and other job training initiatives, for increasing the diversity and number of locally-based trainees, vendors and employees of its energy efficiency workforce, and for establishing tracking methodologies for reporting purposes. ComEd will coordinate and consult with the Income-Qualified Advisory Committee, IHWAP, and other workforce development program administrators to establish best practices and methodologies for attracting, training, and employing diverse candidates for the EE 2018-2021 Plan and other workforce development efforts.

B. Marketing Coordination and Transparency

In an effort to employ best practices and minimize energy efficiency 2018-2021 Plan costs, ComEd's marketing of energy efficiency programs will be coordinated across all utility energy efficiency programs to ensure implementers, contractors, and other stakeholders are aware of all program offerings and communicate appropriate opportunities to customers with consistent language. Such communications shall disclose, among other pertinent details of program offerings:

1. when rebates begin and expire, if applicable; and
2. provide customers with a single point of contact to navigate program offerings in joint programs or in instances wherein customers may take advantage of residential and commercial offerings.

C. Voltage Optimization

ComEd commits to bring in ComEd personnel developing Voltage Optimization ("VO") plans to consult with the SAG to ensure that VO investments, when practicable and without material adverse impacts to program effectiveness and efficiency, prioritize projects targeted in

locations that shall produce significant customer benefits, with an initial focus on targeting economically disadvantaged communities.

D. TRM Development

1. ComEd agrees that, to the extent a consensus among the utilities and intervening parties cannot be reached regarding a measure or measure values in the TRM, the IL-TRM Administrator shall have the authority to use its best judgment to decide on the measure or measure value. ComEd further agrees to work with the other utilities and implementing stakeholders to agree on a joint procedure for this process and to include it in the next Policy Manual update.
2. ComEd agrees that it is not appropriate for financially interested vendors to participate in the IL-TRM TAC meetings, unless they are specifically invited by the TRM Administrator to present information regarding a particular measure. ComEd further agrees to work with the other utilities and intervening stakeholders to develop a final policy on this issue and to include it in the next Policy Manual update.

VII. STIPULATIONS RELATED TO STAFF REQUESTS

A. EM&V

1. **EM&V Methods.** Where practical, program evaluations shall be conducted using randomized controlled trials or quasi-experimental design methods. When a program evaluator believes that randomized control trials or quasi-experimental designs are not practical, the program evaluator shall provide an explanation and support for its decision as part of its evaluation plan.
2. **Revisit the EM&V Framework.** The Parties agree to engage in discussions at the SAG, or within a subcommittee of the SAG, regarding the current EM&V framework. The Parties understand that this will be a “big picture” discussion and will include reviewing how evaluation contractors are hired/selected, how frequently they are or should be changed, opportunities for more integration of EM&V work across utility service territories, the levels of emphasis on different kinds of evaluation (process vs. impact, NTG vs. other, peak vs. energy, value of NEBs, etc.), opportunities for better leveraging Advanced Metering Infrastructure data, opportunities for better integration and prioritization of evaluation research with the IL-TRM update process, etc.
3. **Policy Manual Version 2.0.** The Parties agree to participate in Policy Manual Subcommittee discussions for the Illinois Energy Efficiency Policy Manual Version 2.0, following Commission approval of the Energy

Efficiency Plans beginning in 2018. The Parties commit to make good faith efforts to expeditiously reach consensus regarding an Illinois Energy Efficiency Policy Manual Version 2.0.

4. **Statewide Common Reporting Templates.** ComEd agrees to make good faith efforts to have completed Statewide common reporting templates for Program Administrator Quarterly Reports required by Section 6.5 of the Illinois Energy Efficiency Policy Manual available in advance of filing the first ComEd Quarterly Report for 2018. ComEd also agrees to make good faith efforts to have completed Statewide common reporting templates for Program Administrator Annual Summary of Activities (“Annual Reports”) required by Section 6.6 of the Illinois Energy Efficiency Policy Manual available in advance of filing the fourth ComEd Quarterly Report for 2018. ComEd further agrees to make good faith efforts to file and make available to the SAG quarterly reports within 45 days of the end of each quarter for Q1, Q2 and Q3 and 90 days for Q4.
5. **Joint Total Resource Cost Test (“TRC”) Results.** ComEd agrees to present the joint TRC results for joint programs as part of its 2018-2021 Plan filing in Docket No. 17-0312.

B. Independence of Evaluator, SAG Facilitator, and TRM Administrator

1. **Evaluator Independence.** ComEd agrees to continue to implement protocols to ensure that evaluator independence is maintained, as required by Section 8-103B of the Act.
 - a. ComEd will submit the finalized but not yet executed contract with the independent evaluator to the Commission by letter to the Executive Director. Staff will submit a report to the Commission containing its assessment of the contract and describing its recommendations for Commission action, if any. In addition, ComEd will submit any contract and scope of work with the independent evaluator as a compliance filing in Docket No. 17-0312 within fourteen (14) days of execution. The Parties also agree to make good faith efforts to address and reach consensus concerning whether the contract and scope of work may be made public in whole or in part as part of the discussions for the Illinois Energy Efficiency Policy Manual Version 2.0.
 - b. ComEd will include language in the independent evaluation contracts that provide that: (i) the Commission has the right to terminate the contract; and (ii) the evaluator must act independently

from the Company and be able to independently evaluate the energy savings performance and cost-effectiveness of ComEd's energy efficiency programs.

- c. The evaluator contract with ComEd will automatically terminate upon a Commission finding that the contract should be terminated, after issuance of notice and hearing and an opportunity for ComEd, the evaluator, and other interested parties to be heard.
 - d. In the event that ComEd or the evaluator issues a notice of termination or notice of default of the contract, the issuer of the notice will contemporaneously provide a copy of such notice to the Commission.
 - e. ComEd will ensure that the data used in its evaluations can be made available to the Commission upon request.
 - f. Annual Independent *Ex Post* TRC Test Evaluation: ComEd will direct its independent third-party evaluator to conduct an *ex post* TRC cost-effectiveness analysis annually during the course of the 4-year portfolio plan pursuant to Section 8-103B(g)(6) of the Act. ComEd will also direct its independent third-party evaluator to conduct a TRC cost-effectiveness analysis at the conclusion of the 4-year Plan pursuant to Section 8-103B(g)(6) of the Act. Both the annual *ex post* TRC analysis and the 4-year TRC cost-effectiveness analysis will include both the gas and electric costs and benefits for the joint energy efficiency programs that ComEd offers in conjunction with another Program Administrator such as Nicor.
 - g. ComEd agrees to direct its evaluators to develop EM&V work plans consistent with the Policy Manual.
 - h. In the event that stakeholders, including Staff or ComEd, and the Evaluator are not able to reach a resolution during the Draft EM&V Report review process concerning a disputed issue that is acceptable to all parties, then ComEd will direct the evaluator to document the issue in dispute within the EM&V report along with the Evaluator's position, the stakeholder's position, and to the extent practical and quantifiable, any associated alternative savings estimates resulting from the differences in positions.
2. **SAG Facilitator Independence.** ComEd agrees to work with the other electric and gas utilities that participate in the SAG to develop and

implement protocols to ensure that SAG Facilitator Independence is maintained as part of Policy Manual Version 2.0 discussions. To the extent SAG Facilitator independence provisions are added to a future Commission-approved Illinois Energy Efficiency Policy Manual, such provisions appearing in the Policy Manual will supersede the SAG Facilitator Independence provisions in this Stipulation. Until such time that the Commission approves the Policy Manual SAG Facilitator Independence provisions, ComEd agrees to implement the following SAG Facilitator Independence protocols:

- a. ComEd will submit the finalized but not yet executed contract with the independent SAG Facilitator to the Commission by letter to the Executive Director. Staff will submit a report to the Commission containing its assessment of the contract and describing its recommendations for Commission action, if any. In addition, ComEd will submit any contract and scope of work with the independent SAG Facilitator as a compliance filing in Docket No. 17-0312 within fourteen (14) days of execution.
 - b. ComEd will include language in the independent SAG Facilitator contract that provides that the Commission has the right to terminate the SAG Facilitator contract if the Commission determines the SAG Facilitator is not acting independently, or is unable or unwilling to independently facilitate the Illinois Energy Efficiency Stakeholder Advisory Group.
 - c. The SAG Facilitator contract with ComEd will automatically terminate upon a Commission finding that the contract should be terminated, after issuance of notice and hearing and an opportunity for the utilities, the SAG Facilitator, and other interested parties to be heard.
 - d. In the event that ComEd or the SAG Facilitator issues a notice of termination or notice of default of the contract, the issuer of the notice will contemporaneously provide a copy of such notice to the Commission.
3. **IL-TRM Administrator Independence.** ComEd agrees to work with the other electric and gas utilities that participate in the SAG to develop and implement protocols to ensure that IL-TRM Administrator independence is maintained as part of Policy Manual Version 2.0 discussions. To the extent IL-TRM Administrator independence provisions are added to a future

Commission-approved Illinois Energy Efficiency Policy Manual, such provisions appearing in the Policy Manual will supersede the IL-TRM Administrator independence provisions in this Stipulation. Until such time that the Commission approves the Policy Manual IL-TRM Administrator independence provisions, ComEd agrees to implement the following IL-TRM Administrator independence protocols:

- a. ComEd will submit the finalized but not yet executed contract with the independent IL-TRM Administrator to the Commission by letter to the Executive Director. Staff will submit a report to the Commission containing its assessment of the contract and describing its recommendations for Commission action, if any. In addition, ComEd will submit any contract and scope of work with the independent IL-TRM Administrator as a compliance filing in Docket No. 17-0270 within fourteen (14) days of execution.
- b. ComEd will include language in the independent IL-TRM Administrator contract that provides that the Commission has the right to terminate the IL-TRM Administrator contract if the Commission determines the IL-TRM Administrator is not acting independently, or is unable or unwilling to independently administer the Illinois Statewide Technical Reference Manual for Energy Efficiency.
- c. The IL-TRM Administrator contract with ComEd will automatically terminate upon a Commission finding that the contract should be terminated, after issuance of notice and hearing and an opportunity for the utilities, the IL-TRM Administrator, and other interested parties to be heard.
- d. In the event that ComEd or the IL-TRM Administrator issues a notice of termination or notice of default of the contract, the issuer of the notice will contemporaneously provide a copy of such notice to the Commission.

VIII. STIPULATIONS RELATED TO COMED REQUESTS

- A. Docket Support** – The Parties agree to work in good faith to facilitate and support Commission approval of the Company’s 2018-2021 Plan on a timeline that is consistent with the statutory deadline set forth in Section 8-103B(f) of the Act. That commitment includes, at a minimum, ComEd’s agreement to provide the workpapers (in native file format) associated with the filed Plan, testimony, and exhibits, and the agreement of each Party, other than ICC Staff, to (i) refrain from

serving data requests on ComEd, and (ii) support the Plan through the filing of direct testimony (either jointly or individually sponsored) on behalf of the Party, rebuttal testimony (either jointly or individually sponsored), and/or legal briefs. The Parties further commit to not challenge or attack ComEd's 2018-2021 Plan in other dockets. Nothing in this Stipulation precludes a Party from challenging ComEd's performance under the Plan in an appropriate docket.

- B. Counting of Cumulative Goals** – At the end of each year, the independent evaluator will not only determine the program impacts for that year, but also the future persisting annual impacts for measures installed in that year (based on then current measure lives); these numbers cannot be retrospectively changed based on any future changes to any measure.
- C. Annualization** – All measure savings for the year of implementation will be annualized, with the exception of Residential Behavior which will continue as laid out in the Illinois Technical Reference Manual.

Voltage Optimization measures are included in annualization once commissioning is complete. Annualized savings assumed for 2018 VO savings will be determined by the independent evaluators – in consultation with ComEd, Staff, and other stakeholders – based on best available information regarding likely savings levels. Such best available information for 2018 may include results of ComEd pilot projects, relevant evaluations from other jurisdictions, information on the circuits on which ComEd began to apply VO in calendar 2018, and/or other relevant information. For 2019 and beyond, annualized savings estimates will be based, to the greatest extent possible, on evaluation of savings from ComEd distribution system infrastructure subjected to VO.

- D. Count R&D Savings** – All kWh savings associated with R&D expenses that are determined by the independent evaluator count toward the energy savings goal.
- E. Measure Life for R&D Pilots** – For R&D projects that contain technologies not in the TRM, ComEd may deem the measure life value upfront for evaluation purposes after consulting with the evaluators and interested SAG participants and reaching consensus on such deemed value.
- F. Overhead Allocation** – For the purpose of determining whether ComEd has met its statutory requirements for minimum levels of spending on different customer groups, ComEd will allocate portfolio level costs across the following customer sectors – (1) residential customers, (2) commercial and industrial/business customers, (3) public sector customers, (4) Income-Eligible sectors. Allocation to customer sectors will be based on their portion of program budgets.

- G. Therm Conversion** – For therms that are converted to kWh savings, ComEd will first prioritize therms associated with Low-Income programs, as required by the Act. If the Low-Income programs do not provide the full 10% goal allocation, ComEd has the discretion to choose the therms for conversion that best serve the long-term impact of the portfolio (*e.g.*, longer life measures); note that while therms are emphasized here, other non-electricity fuels (*e.g.*, propane) may also be converted, as permitted by Section 8-103B.
- H. Costs Incurred in Excess of the Annual Plan Budget** – The Parties agree that recovery of incidental *de minimis* costs incurred by ComEd, if any, in excess of the Commission-approved annual Plan budget, will be subject to Commission review during the applicable energy efficiency formula rate update proceeding.

IX. APPLICABLE LAW

The commitments reflected in this Stipulation are subject to applicable State and federal law, including but not limited to, statutes, rules, regulations, and orders of State and federal courts and the Commission. To the extent that subsequent amendments or other changes to applicable law conflict with any provision or commitment contained in this Stipulation, the affected Party or Parties shall not be bound by the provision or commitment that conflicts with the law.

X. TERMS AND CONDITIONS

The Parties further agree that the Stipulation will be governed by the terms and conditions set forth in Exhibit A to this Stipulation, which terms and conditions are incorporated by reference as though fully set forth herein.

IN WITNESS WHEREOF, the Parties hereto have executed this Settlement Stipulation as of the date last set forth below.

Staff of the Illinois Commerce Commission By:  Name: <u>Matthew L. Harren</u> Title: <u>Trial Supervisor / OGC</u> Date: <u>25 July 2017</u>	Illinois Attorney General's Office By: _____ Name: _____ Title: _____ Date: _____
The City of Chicago By: _____ Name: _____ Title: _____ Date: _____	The Citizens Utility Board By: _____ Name: _____ Title: _____ Date: _____
Environmental Defense Fund By: _____ Name: _____ Title: _____ Date: _____	Natural Resources Defense Council By: _____ Name: _____ Title: _____ Date: _____
Commonwealth Edison Company By: _____ Name: _____ Title: _____ Date: _____	

IN WITNESS WHEREOF, the Parties hereto have executed this Settlement Stipulation as of the date last set forth below.

<p>Staff of the Illinois Commerce Commission</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>	<p>Illinois Attorney General's Office</p> <p></p> <p>By: <u>Karen L. Lusson</u></p> <p>Title: <u>Asst. Bureau Chief, Public Utilities Bureau</u></p> <p>Office of the Illinois Attorney General</p> <p>Date: <u>7-25-17</u></p>
<p>The City of Chicago</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>	<p>The Citizens Utility Board</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>
<p>Environmental Defense Fund</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>	<p>Natural Resources Defense Council</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>
<p>Commonwealth Edison Company</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>	

IN WITNESS WHEREOF, the Parties hereto have executed this Settlement Stipulation as of the date last set forth below.

<p>Staff of the Illinois Commerce Commission</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>	<p>Illinois Attorney General's Office</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>
<p>The City of Chicago</p> <p>By: <u>Jared Pollicchio</u></p> <p>Name: <u>Jared Pollicchio</u></p> <p>Title: <u>Assistant Corporation Counsel, Dept. of Law</u></p> <p>Date: <u>7/25/2017</u></p>	<p>The Citizens Utility Board</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>
<p>Environmental Defense Fund</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>	<p>Natural Resources Defense Council</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>
<p>Commonwealth Edison Company</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>	

IN WITNESS WHEREOF, the Parties hereto have executed this Settlement Stipulation as of the date last set forth below.

Staff of the Illinois Commerce Commission By: _____ Name: _____ Title: _____ Date: _____	Illinois Attorney General's Office By: _____ Name: _____ Title: _____ Date: _____
The City of Chicago By: _____ Name: _____ Title: _____ Date: _____	The Citizens Utility Board By: <u>Kristin Munsch</u> Name: <u>Kristin Munsch</u> Title: <u>Deputy Director</u> Date: <u>25 July 2017</u>
Environmental Defense Fund By: _____ Name: _____ Title: _____ Date: _____	Natural Resources Defense Council By: _____ Name: _____ Title: _____ Date: _____
Commonwealth Edison Company By: _____ Name: _____ Title: _____ Date: _____	

IN WITNESS WHEREOF, the Parties hereto have executed this Settlement Stipulation as of the date last set forth below.

Staff of the Illinois Commerce Commission By: _____ Name: _____ Title: _____ Date: _____	Illinois Attorney General's Office By: _____ Name: _____ Title: _____ Date: _____
The City of Chicago By: _____ Name: _____ Title: _____ Date: _____	The Citizens Utility Board By: _____ Name: _____ Title: _____ Date: _____
Environmental Defense Fund By: <u>Christie Hicks</u> Name: <u>Christie Hicks</u> Title: <u>Mgr. Clean energy</u> Date: <u>July 25, 2017</u>	Natural Resources Defense Council By: _____ Name: _____ Title: _____ Date: _____
Commonwealth Edison Company By: _____ Name: _____ Title: _____ Date: _____	

IN WITNESS WHEREOF, the Parties hereto have executed this Settlement Stipulation as of the date last set forth below.

<p>Staff of the Illinois Commerce Commission</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>	<p>Illinois Attorney General's Office</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>
<p>The City of Chicago</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>	<p>The Citizens Utility Board</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>
<p>Environmental Defense Fund</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>	<p>Natural Resources Defense Council</p> <p>By: <u>/s/ SAMANTHA WILLIAMS</u></p> <p>Name: <u>SAMANTHA WILLIAMS</u></p> <p>Title: <u>STAFF ATTORNEY, NRDC</u></p> <p>Date: <u>7-25-2017</u></p>
<p>Commonwealth Edison Company</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>	

SIGNATURE
AUTHORIZED
VIA EMAIL.
[Signature]

IN WITNESS WHEREOF, the Parties hereto have executed this Settlement Stipulation as of the date last set forth below.

Staff of the Illinois Commerce Commission By: _____ Name: _____ Title: _____ Date: _____	Illinois Attorney General's Office By: _____ Name: _____ Title: _____ Date: _____
The City of Chicago By: _____ Name: _____ Title: _____ Date: _____	The Citizens Utility Board By: _____ Name: _____ Title: _____ Date: _____
Environmental Defense Fund By: _____ Name: _____ Title: _____ Date: _____	Natural Resources Defense Council By: _____ Name: _____ Title: _____ Date: _____
Commonwealth Edison Company By:  Name: <u>MARK R. JOHNSON</u> Title: <u>ATTORNEY FOR COMED</u> Date: <u>7-25-2017</u>	

EXHIBIT A

The Parties agree that the Commonwealth Edison Company 2018-2021 Energy Efficiency and Demand Response Plan (“Plan”) Settlement Stipulation (“Stipulation”) will be governed by the following terms and conditions set forth in paragraphs A through N:

- A. The Parties shall not challenge, oppose or raise claims inconsistent with this Stipulation in the proceeding pending before the Illinois Commerce Commission (“ICC” or “Commission”) in ICC Docket No. 17-0312 to approve Commonwealth Edison Company’s Plan pursuant to subsections (f) and (g) of Section 8-103B of the Public Utilities Act (“PUA”) or in any collateral attack thereof or any appeal therefrom before any court, regulatory agency or other forum.
- B. Except as otherwise provided in the Stipulation, the Parties reserve (i) all rights to take any position concerning any issue addressed in this Stipulation in any proceeding other than the proceeding before the ICC in ICC Docket No. 17-0312 to review and approve the Plan pursuant to subsections (f) and (g) of Section 8-103B of the PUA and any appeal therefrom, and (ii) the right to seek appeal of the ultimate decision rendered in such proceeding, provided such appeal does not violate the terms of this Stipulation. The Parties further agree that nothing herein is intended to limit the rights of any Party from advocating any position regarding the implementation details of the items contained in this Stipulation to the extent such details are not addressed herein and do not otherwise violate the terms of this Stipulation. In addition, the Parties agree that each Party may advocate or otherwise advance any other position in the proceeding before the ICC to review and approve the Plan or in any other proceeding that is not specifically delineated in the numbered paragraphs of the Stipulation. This Stipulation shall not apply to positions that Parties may take with respect to any utility other than ComEd.
- C. In the event that, subsequent to the execution of this Stipulation, any material provision of this Stipulation is found invalid or unenforceable or is overturned or modified or deleted by a court or the ICC or another tribunal, then this Stipulation (other than paragraphs (G) and (H) below), shall become void on a going-forward basis fifteen days after the order or decision is entered, unless amended by all the Parties in accordance with paragraph (E) below to address such provision or to confirm the continued effectiveness of the remaining provisions of the Stipulation.
- D. The Parties agree that the Stipulation, in its totality, is the result of compromise.
- E. No amendment or waiver of any provision of this Stipulation, nor consent to any departure therefrom, shall be effective unless the same shall be in writing and signed by all of the Parties. Any such waiver shall be effective only in the specific instance and for the specific purpose for which given.

- F. This Stipulation shall be governed by and interpreted in accordance with the laws of the State of Illinois. Any disputes among the Parties regarding the enforcement of this Stipulation shall be resolved through the commencement of appropriate action before the Illinois Commerce Commission, and Illinois courts as provided under Article X of the Public Utilities Act.
- G. This Stipulation is entered to narrow certain issues among the Parties so as to avoid the time, expense and uncertainty of litigation with respect to those issues. This Stipulation shall not constitute, and shall not be construed or interpreted to constitute, an admission of any kind by any Party with respect to any legal or factual issue in any proceedings, appeals or issues being addressed under this Stipulation or with respect to any other proceeding or dispute. This Stipulation shall not be offered or entered into evidence by any Party in any proceeding before the ICC or any other administrative agency or in any court, except in connection with proceedings related to the performance, implementation or enforcement of this Stipulation and the associated Plan. The matters memorialized in this Stipulation shall be construed as an indivisible whole. This paragraph (G) shall become effective upon the execution of this Stipulation by all of the Parties and shall remain effective notwithstanding any failure of the remaining provisions of this Stipulation to become effective.
- H. With the exception of a proceeding initiated to review and approve the Plan pursuant to subsections (f) and (g) of Section 8-103B of the PUA and any appeal therefrom, this Stipulation shall not have any precedential value in any other proceedings before the ICC, courts, other administrative bodies or any legislative bodies. This paragraph (H) shall become effective upon the execution of this Stipulation by all of the Parties and shall remain effective notwithstanding any failure of the remaining provisions of this Stipulation to become effective.
- I. If any future law or regulation is enacted that any Party believes, in good faith, has a material impact on its rights and obligations arising under this Stipulation, the Parties shall meet to discuss what action, if any, should be taken.
- J. This Stipulation may be executed in any number of identical counterparts, each of which when executed and delivered shall be original, but all such counterparts shall constitute but one and the same instrument. The Parties agree that facsimile signatures (including by fax and e-mail) shall be as sufficient as original signatures to demonstrate execution of this Stipulation by one or more parties hereto.
- K. Each of the signatories to this Stipulation represents and warrants that he or she has the right and authority to enter into this Stipulation and to bind the Party on whose behalf he or she has signed.

- L. This Stipulation contains the entire and complete Stipulation of the Parties as to the matters set forth herein and supersedes any and all prior Stipulations with respect to those matters.
- M. This Stipulation shall inure to the benefit of and be binding upon the Parties and their respective successors and assigns.
- N. Nothing in this Stipulation, either expressed or implied, is intended or shall be interpreted to give or confer any rights or remedies upon or to any person or entity other than the Parties.