

**CITY OF CHICAGO’S RESPONSE TO THE ILLINOIS  
COMMERCE COMMISSION’S ENERGY SOLUTIONS QUESTIONNAIRE**

Thank you for the opportunity to provide comments as part of the Illinois Energy Solutions forum. We appreciate the Illinois Commerce Commission's (“Commission”) efforts to solicit comments and educate customers as energy costs continue to rise. Chicago residents and businesses are continuously challenged with managing the rising costs of energy and will soon be faced with higher electricity costs. The City is concerned that the addition of higher electric prices to already high natural gas and gasoline prices could have a detrimental effect on many Chicagoans who are already struggling.

The City of Chicago is committed to leading by example to reduce the energy footprint of its own buildings and fleet and demonstrate alternative energy choices to citizens and business. The City believes there are several areas for a stronger role in assisting customers with electrical energy management:

**Education**

A sustainable and productive energy solutions program should begin with education. Understanding the proper use of energy, energy efficiency and energy conservation will carry through all programs developed to cope with increasing energy costs. To that end, the City is providing a variety of programs, including upcoming weatherization fairs, that will give residents tools and information they need to make their homes more energy efficient. Partnership with local civic and social groups provides an opportunity to reach a broader range of residents. Educating consumers is the responsibility of all stakeholders. The City strongly encourages a structured program that educates consumers on the following subjects:

- **Price fluctuation of electricity** -- Consumers generally do not see or perceive these price changes, and therefore cannot make informed decisions on reducing usage during infrequent periods of high wholesale prices.
- **Energy efficient products** -- A proper understanding and knowledge of available energy efficient products gives customers the opportunity to shop wisely. Consumers have choices among a variety of products, from light bulbs, electronic equipment and appliances to heating and ventilation equipment. Customers should be made aware of the resources available to assist with the selection and purchase of these and other energy consuming products.
- **Benefits of demand response** -- Demonstrate the beneficial effect of supply and demand interaction to relieve generation and transmission constraints, reduce severe price spikes, and lower energy prices for all consumers by promoting participation in curtailment programs.
- **Available technologies and third-party groups** -- Showcase available technologies and outside organizations with expertise in energy efficiency.

### Energy Efficiency

The City's energy conservation code promotes energy efficiency in new construction.

The City also provides residents with vouchers good for the purchase of Energy Star appliances and weatherization materials to assist in their energy management. ComEd should target energy efficiency programs to existing homes and businesses. The programs should focus on replacing the least energy efficient existing equipment.

ComEd should considerably increase and expand its current air conditioner exchange program, and should implement its refrigeration exchange and lighting CFL for low-

income residents. Partnering with various agencies and organizations on a large lighting retrofit program that offer information and rebate incentives for CFLs creates economies of scales and could have a significant impact on energy efficiency and dollar savings.

Energy conservation measures and programs such as the weatherization of buildings are equally important and should be included as part of all financial assistance programs like the Low-Income Home Energy Assistance Program (“LIHEAP”).

### LIHEAP

LIHEAP is a critical component to assist the most vulnerable populations within the city. However, under its current design there is a disconnection/reconnection cycle that, rather than encouraging responsible energy use and bill payment, simply allows grant recipients to receive an annual reconnection grant to make it through the winter months. After this one time payment for reconnection, the grant recipient cannot afford continued service and accrues a substantial arrearage during the winter disconnection moratorium. When the moratorium is lifted, low-income residents typically have their service disconnected and spend the remainder of the year trying to pay off outstanding balances.

Because of this disconnection/reconnection cycle, the City encourages greater efforts to support home weatherization and responsible energy use education. Additionally, the City would like to see a program whereby LIHEAP recipients receive assistance with utility payments on an ongoing basis rather than a one-time direct vendor payment.

LIHEAP funding levels are currently inadequate to serve a significant portion of eligible households in Illinois. The current charge on gas and electric meters that goes to fund almost half of the LIHEAP program in Illinois is due to expire at the end of 2007. The City urges the continuation and expansion of funds in the program.

### Smart Metering

Although consumer education on energy efficiency utilization and demand response programs is paramount, tools must be provided to help consumers effectively curtail and reduce their energy consumption. The Community Energy Cooperative has been running the Energy-Smart Pricing Plan, a real-time energy pricing program, for four years as a pilot with encouraging results but is not taking new enrollments. The City strongly supports the continuation and expansion of this program to all residents. Another tool is the on-line real-time monitoring and assessment of demand load. This is currently available through annual subscription for industrial and commercial users only, and it is not in real-time mode (15-day lag). The City encourages greater adoption of these types of innovative programs that give consumers options.

### Incentives

The City also encourages demand response programs, such as:

- **Critical Peak Pricing** - Allows commercial and industrial users to lower their bills by reducing and/or shifting the utility's electricity source to on-site or co-generation during the critical summer time of day. This provides incentives to business sectors to invest in alternative energy sources. The City supports standard, statewide net metering rules that makes interconnection of these systems viable.
- **Demand bidding** - allows consumers to bid a level of load reduction at a variable offered price for each curtailment event. The current ComEd voluntary curtailment program pays a fixed price per KWH curtailed during the event

period. For high-end consumers, this is very attractive but does not have a beneficial effect until a curtailment event is actually necessary.

- **Technical incentives** - offers the consumer a dollar-per-KW incentive of verified load reduction capability as a result of capital investment in technologies associated with power demand reduction and efficient usage. This can enhance the City's Chicago Industrial Rebuild Program, a partnership with ComEd, which works with selected industry sectors to identify energy and cost savings.

Thank you again for this opportunity to comment on these critical issues. We look forward to working with the ICC, ComEd and other government agencies and nonprofit organizations to continue to educate Chicago citizens about how they can be more efficient energy consumers.