**Illinois Energy Efficiency Stakeholder Advisory Group**

**Policy Resolution:**

**IE EEE Attribution for Midstream Programs**

**Final Draft (11/X/2024)**

**National Consumer Law Center Comments (submitted by Phil Mosenthal)**

**Background:**

**Policy Issue #1:**

Current Illinois policy is not finalized on an attribution methodology to apply to midstream energy efficiency programs in determining income eligible (“IE”) participation within midstream energy efficiency electrification (“EEE”) measures. For 2023, attribution was allocated per Guidehouse memo shared on 4/17/2024, which used IE Zip codes to allocate IE participation for EEE projects in midstream programs. IE is defined for this purpose as an income at or below 80% of the area median income (AMI). It is now necessary to determine an attribution methodology for these programs, as at least 25% of total EEE savings must come from electrification of end uses in IE housing. The midstream measures have too little information about the end-use customer to directly inform whether the end-use customer is IE. Therefore, using data that can be collected through a midstream program, it is necessary to determine an appropriate methodology to attribute midstream savings to IE and non-IE customers.

**Policy Issue #2:**

Current Illinois statute allows the electric utilites’ Energy Efficiency portfolio to claim up to 5% of the total energy savings goal as Fuel Switching or Electrification savings (“EEE”). In addition, as explained within Policy Issue #1, 25% of EEE savings claimed must come from Income Eligible (“IE”) households. This essentially creates two caps for the program, one at 5% of total savings and another embedded based on IE EEE savings achieved. Statute, however, provides no direction on how to treat savings from EEE projects that would surpass either statutory cap. Therefore, it is necessary to establish a policy that determines how these savings should be treated.

**Resolution:**

**Policy Issue #1**

A resolution has been proposed for 2025 and beyond, using a combination of Income Eligible Census tracts and Low-Income Discount (LID) rate participation as identifying points of income eligibility participation. However, consensus was not reached on the specifics for implementing such a solution due to uncertainties in initial LID participation rates. We expect that by late 2025 many IE customers will have be participating in the LID by default, which could facilitate an estimate of overall IE participation in the Midstream program in 2025. Further, ComEd evaluators will conduct a study, to be study completed in 2025 to inform 1) the prevalence of overall IE participation in the Midstream program, 2) the prevalence of electrification and NTG estimates of the level of electrification (as well as separately for those projects that are deemed just EE) in this program both for market rate participants and for IE participants. Based on the results of the study, we may negotiate a policy to apply for 2025 if we have the time. For the next plan cycle starting in 2026 we will adopt the assumed values from the study both for the overall level of IE participation, the share of IE (and separately for market rate) participants that are doing EEE, and the separate NTG values for IE EE, IE EEE, MR EE, and MR EEE.

For 2024 however, a resolution of a 10% income eligible participation rate for EEE savings through midstream programs has reached consensus. This rate was identified through use of ComEd program data, consisting of heat pump projects through midstream programs with electrification savings starting in 2022. While customer level data cannot be collected on a consistent basis, there is the ability for customers to provide that data voluntarily through their contractors. A statistically significant portion of the data collected was used to identify income eligible participation, It was found that 10% of heat pumps sold through midstream were from IE Homes.

Therefore, for the program year of 2024, the ComEd Energy Efficiency portfolio can claim 10% of EEE savings through midstream programs as income eligible EEE savings.

**Policy Issue #2:**

Due to the transactional nature of midstream programs, information on the existing equipment is not collected. Therefore, it is not known if projects are electrification or not, but this issue is moot since the portfolio could not claim additional electrification savings. To calculate Energy Efficiency savings with an unknown baseline, the program references The Illinois Technical Reference Manual (TRM). This manual provides a point-of-sale baseline for savings calculations when the existing equipment is unknown.

With CEJA allowing for the portfolio to claim electrification savings, midstream programs again referenced the Illinois TRM on claiming electrification savings for equipment with electrification potential, such as heat pumps. In this case, the TRM provides methodology to establish a fixed ratio that assumes a percentage of gas and electric baselines. This methodology allows for the independent program evaluator to establish electrification baseline ratios. The program then uses this ratio across all heat-pump projects to calculate and claim quantity of EE and EEE savings. It is then reasonable to assume that TRM methodology can also be referenced to adjust savings evaluation for EEE projects with a fuel switching baseline to be evaluated under an electric baseline instead.

Therefore, the ComEd EE portfolio will use the Electric Point of Sale baseline set by the TRM, without applying the additional electrification ratios, to claim Energy Efficiency savings from heat-pump projects through midstream programs once either of the EEE caps has been reached.

Stakeholders agree that if an assumed EEE project cannot be counted as such (because there are not enough EEE savings from IE customers to support additional market rate EEE), then it can be treated as having an EE baseline and the incremental savings that would occur from an EE project can be assumed. However, as noted above in Policy #1, the basis for assuming a project is an EEE project going forward will be based on the research done in 2025 determining both the level of IE participation and the levels of attribution for EEE measures for both market rate and IE customers. If that research is not completed in time to reconcile 2025 savings, the 2024 assumptions of the prevalence of EEE based on the TRM can be used.

**Additional Note**

This policy is being pursued in application for the ComEd Energy Efficiency portfolio, and may not necessarily apply to that of other utilities unless pursued otherwise.