**Illinois Energy Efficiency Stakeholder Advisory Group**

**Policy Resolution:**

**IE EEE Attribution for Midstream Programs**

**Final Draft (12/17/2024)**

**General Background:**

Beginning in 2022, CEJA created a new category of savings for electric utilities defined as increased energy efficiency through net Btu savings from fossil fuel-to-electric end-use conversions (Energy Efficient Electrification (EEE) or electrification savings). This category of savings was capped at 5% of total savings for 2022-25 and 10% of total savings for 2026-29. Further, 25% of these savings were required to come from Income Eligible (IE) customers.

The evaluation of energy savings from this new category presented two challenges. First, estimating energy savings for IE customers is a new evaluation requirement (only IE spend targets, not savings, have been previously required). Methodologies to estimate IE customer savings had to be developed and applied, especially for program designs that did not collect customer data, like Midstream Programs. Second, a methodology to count savings for measures that exceeded statutory caps needed to be developed and applied.

**Policy Issue #1**

A methodology to estimate IE EEE savings from the ComEd Midstream HVAC Program was developed in early 2024 during the 2023 Program Year Evaluation. A statistically significant portion of the ComEd Midstream HVAC Program geographic (zip code) data from 2023 was used to estimate income eligible customer participation and savings. This method was refined through further evaluation research to be applied at the Census Tract level. It was estimated that 10% of heat pumps incentivized through the Midstream Program channel were installed in IE Homes.

Beginning in Program Year 2025, the Independent Evaluator will develop a revised methodology that combines customer-level data from enrollment in the Low-Income Discount (LID) Rate with program data at the Income Eligible Census tract level. It is expected that the revised methodology will produce a more reliable estimate of income eligible customer participation in the ComEd Midstream HVAC Program.

**Policy Issue #2:**

Current Illinois statute allows the electric utilities’ Energy Efficiency portfolio to claim up to 5% of the total energy savings goal as EEE savings. In addition, 25% of EEE savings claimed must come from Income Eligible households. This essentially creates two caps for the program, one at 5% of total savings and another 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. For Program Years 2022-23, the 5% EEE caps have not been exceeded and Evaluators have not yet had to apply a baseline adjustment.

**Resolution – Policy #1:**

For the 2024 Program Year, Evaluators will apply an assumption of 10% of IE EEE savings for Midstream Programs. This is based on the latest updated methodology.

For the 2025 Program Year and beyond, Evaluators will seek to develop an updated IE EEE savings estimate from using a combination of Low-Income Discount (LID) rate participation data (the ratio of actual LID participants to LID eligible customers) and Midstream HVAC Program Data at the Income Eligible Census Tract level. ComEd evaluators will conduct a study initiated in 2025 to use both LID and Midstream HVAC program data to estimate overall IE participation and savings. Evaluators will apply the updated methodology if they determine it will produce a more reliable estimate.

**Resolution – Policy #2:**

Once either the 5% statutory EEE cap or the 25% IE EEE cap is reached, Evaluators will determine kWh savings for electrification measures by using an equivalent electric baseline from the Illinois Technical Reference Manual (TRM).

**Illinois Energy Efficiency Stakeholder Advisory Group**

**Policy Resolution:**

**IE EEE Attribution for Midstream Programs**

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

**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.

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.

**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.