

Illinois Energy Efficiency Stakeholder Advisory Group
Policy Resolution:
Income Eligible Energy Efficient Electrification Attribution for Midstream Programs
Final (2/17/2025)

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, 10% of total savings for 2026-29 and 15% thereafter. 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 homes located in IE census tracts.

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 for the 2022-2025 plan period, 10% for the 2026-2029 period and 15% thereafter. In addition, 25% of EEE savings claimed must come from Income Eligible households. This essentially creates two caps for the program, one at 5%, 10% or 15% (depending on the year) 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, ComEd EE Portfolio 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, ComEd EE Portfolio 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.

Due to differences in design of midstream HVAC program and electrification approach the above outlined approach may not be appropriate for other utilities. Therefore, this memo and outline approach is applicable to ComEd only, and other utilities reserve application for such methodologies as deemed appropriate.

Resolution – Policy #2:

Once either the 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).