

Energy Efficiency Income Eligible – Allocation of Electrification Savings

EE Evaluation and Planning | Elder Calderon
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From Evaluation to Policy: IE EEE Allocation



Memorandum

To: Denise Munoz, Kim Swan, Julie Hollensbe, Erin Daughton, Kim Brown, Jim Fay, ComEd
Elizabeth Horne, ICC

From: Guidehouse EM&V team

Date: April 17, 2024 Final

Re: Allocation of Electrification Savings to income eligible households when program records only have the measure installation zip code and no household income data

April 2nd and 9th we discussed how to allocate energy efficiency electrification (EEE) to income eligible (IE) households when program records only have the measure installation zip code and no household income data. This memo documents the issues discussed and the recommended course of action.

The Situation

Some of ComEd's CY2023 residential programs are designed to serve all residential customers, regardless of household income; therefore, they do not collect income information. They do collect, at a minimum, the zip code of program participants. Due to the lack of income data for these programs, Guidehouse could not determine with certainty whether EEE measures were installed in IE households. In the first draft of ComEd's CY2023 evaluation reports for these programs, all EEE savings were allocated to non-IE households. ComEd and Guidehouse acknowledge this approach undercounts IE EEE savings.

The first draft evaluation Summary Report summed electrification savings across all programs and calculated that IE EEE household savings represented 15.3% of total EEE savings (based on allocating savings from programs serving all residential customers to non-IE households). Since ComEd must achieve a minimum of 25% of electrification savings from IE households, Guidehouse calculated the total EEE savings that could be claimed so that IE represents 25%. This calculation reduced the total claimable electrification savings from ~40 GWh to ~25 GWh.

The discussion then centered around alternative approaches to more accurately capture electrification savings from IE households.

CY2023 Approach

ComEd's residential Contractor/Midstream Rebates program tracking data includes participant zip codes but not their income. Guidehouse received from ComEd a spreadsheet (*ComEd IE Zip Code w 2021-11-10 analysis.xlsx*) with most of the zip codes in their territory and the percent of households in each zip code whose income is under 80% of the area median income (AMI).¹ For the CY2023 residential Contractor/Midstream Rebates program impact evaluation, verified net savings will be allocated at the zip code level to either IE households or non-IE households based on the percentage of households below 80% of AMI in each zip code¹.

¹ Reference "ComEd IE Zip Code w 2021-11-10 analysis.xlsx" column G (% HHs at 80% AMI).

- Currently the EE portfolio can claim 5% of total energy savings from Electrification (EEE) projects, increasing to 10% for Plan 7.
- At least 25% of total EEE savings need to come from electrification of income eligible housing end uses.
- Due to the lack of income data collected by mixed-market programs, it is not possible to determine with certainty whether EEE measures were installed in IE households. ComEd and Guidehouse acknowledge mixed-market programs undercount IE EEE savings.
- ComEd and Guidehouse sought alternative approaches to more accurately capture electrification savings from IE Households.
- ComEd's Midstream programs collects participating customer zip code data.
- CY2023 residential Contractor/Midstream Rebates program verified net savings were allocated at the zip code level to either IE households or non-IE households based on the percentage of households below 80% of AMI in each zip code.
- **In light of the above, the team requests formalizing an approach to identify and allocate IE EEE savings.**

Current Limitations: IE vs Non-IE

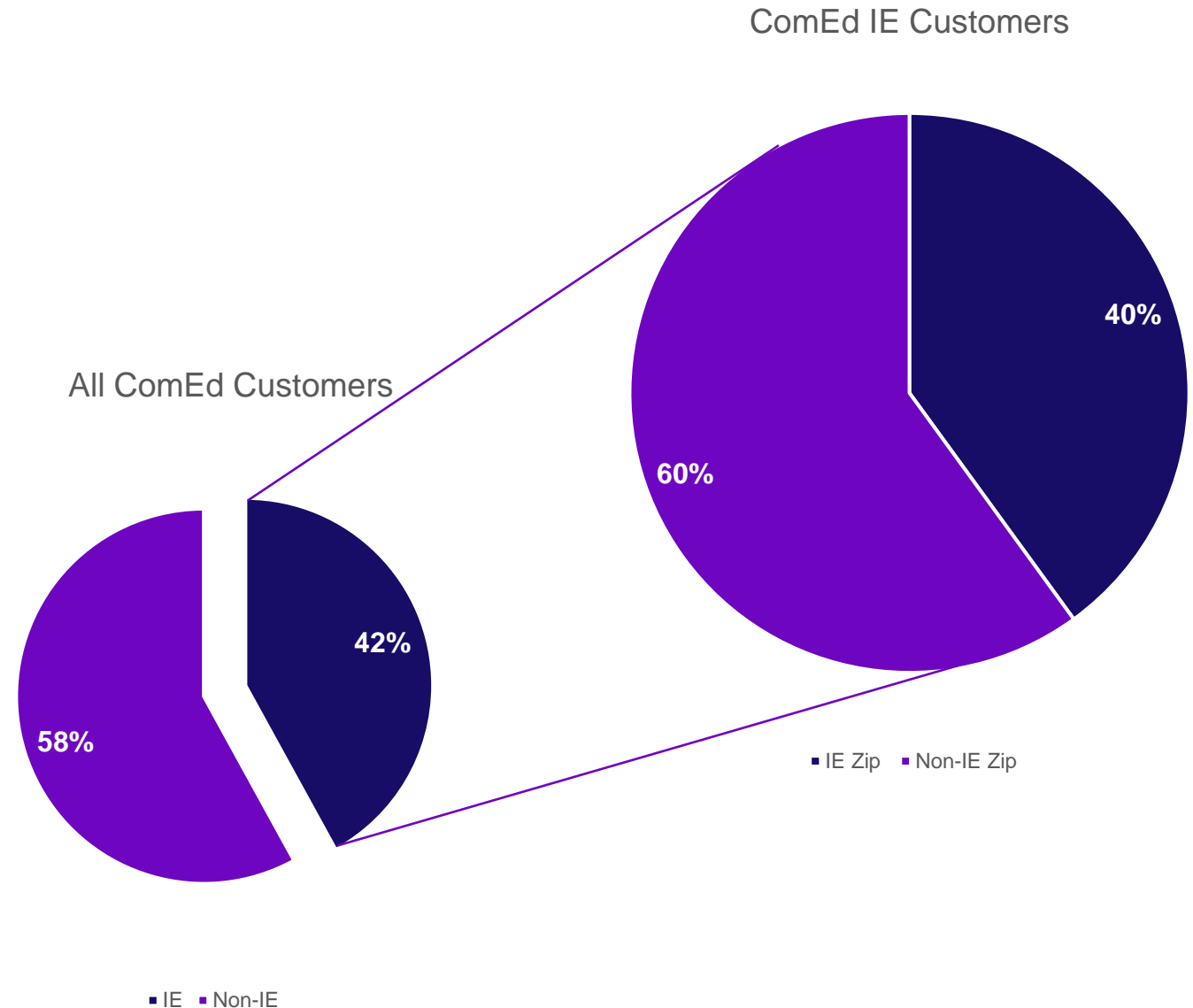
Aside from Direct Install projects, IE customers can only be identified by geographical location.

- The current identification methodologies limit visibility of IE customers to designated IE geographical zones.
- Utilities should continue to determine IQ eligibility using the qualification methodologies that are the least burdensome and time-consuming for building owners and maximize the potential for and ease of participation in their IQ multifamily programs.
- In the interest of providing and influencing the adoption electrification benefits to all IE customers, we need to look beyond geographical zones and reach IE customers across our entire territory.
- There are IE customers in nearly every zip code within our territory and we know the saturation of IE customers in each zip code.
- **Illinois should consider policy that provides a dynamic way to reach IE customers in every zip code, not just IE designated zip codes.**



Most IE customers are not located in IE Zips

- Elevate analysis Identified IE Customers at or below 80% AMI.
- 42% of all households in ComEd territory are IE.
- 25% of all households in ComEd territory are IE and not located in IE Zips.
- **60% of all IE households are not located in IE Zips.**
- **Majority of IE customers are not in IE zips, and therefore miss out on geographically based IE incentives or outreach.**



IE EEE Attribution Policy Recommendation Changes for 2024 and Beyond



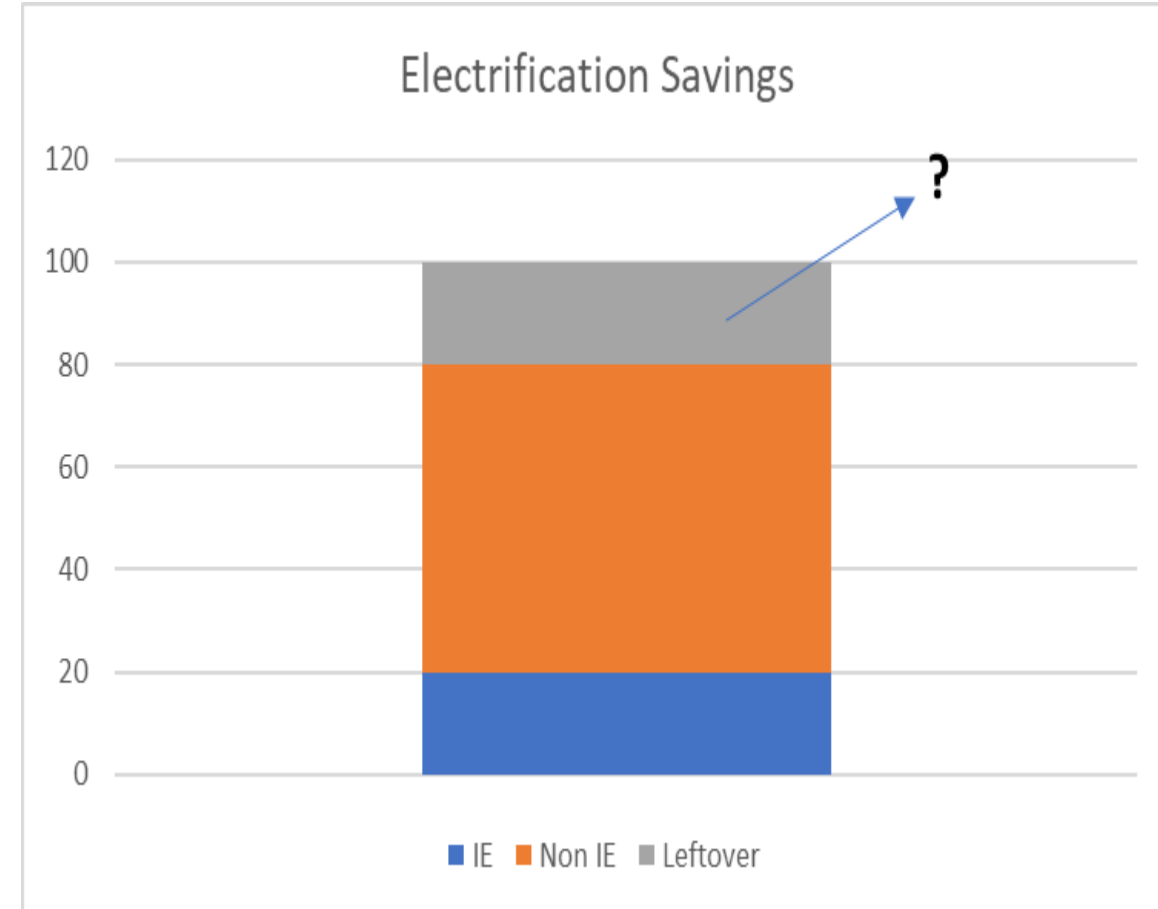
For mix market programs such as Midstream, IE EEE savings should be allocated at the zip code level to either IE households or non-IE households based on the percent of households in each zip code that are below 80% of the U.S. Department of Housing and Urban Development Area Median Income (AMI) threshold.

- It is our understanding that staff preferred a methodology that allocated achieved electrification savings by percent of IE customers.
- Using Elevate’s analysis of the US Census American Community Survey (2019) and U.S. Dept of Housing and Urban Development Area Median Income (AMI) thresholds, we know the percent of IE customers by Zipcode across all our territory.
- It is reasonable to expect that some of the electrification savings are coming from IE households in every zip code.
- Therefore, using those percentages to allocate the Contractor / Midstream Rebates program electrification savings between IE households and non-IE households based on a zip code by zip code basis is a reasonable course of action.
- **Policy should reflect this and allow IE EEE savings to be allocated at the zip code level.**

Full Utilization of Electrification Savings

To claim all achieved Electrification savings within the 10% cap, 25% of the achieved electrification savings must come from income eligible households. If that threshold is not achieved each year, it is not clear what should happen to these savings.

- Without a way to capture excess electrification savings, ComEd is forced to be conservative in our targeting and promoting of electrification projects.
- Recategorizing EEE savings above this threshold as EE savings allows the portfolio to provide more consistent EEE incentives, providing stability and room for growth in the electrification market.
- Provides a clear path for EEE to become one of the pillars of the EE portfolio.
- **For any remaining Electrification savings, ComEd recommends shifting baseline from fuel switching to electric and recategorizing these savings as traditional energy efficiency savings.**





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Thank you

