

Memorandum

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

From: Guidehouse EM&V team

Date: May 24, 2024

Re: Allocation of Electrification Savings to income eligible households and the 25% IE cap

Certain ComEd residential programs are designed to serve all residential customers, regardless of household income. While some of these programs do not include income information for individual participants, they do include the zip code of individual participants. Without participant-level income data, the evaluation cannot determine with certainty whether energy efficiency electrification (EEE) measures were installed in income eligible (IE) households. For the CY2023 evaluation, Guidehouse used an approach defined below.

In addition, 25% of electrification savings must come from Income Eligible households. If that threshold is not achieved in a given year, it is not clear what should happen to the savings.

We are recommending that SAG consider these issues and, if possible, clarify the policy language.

CY2023 Approach

ComEd's residential Contractor/Midstream Rebates program tracking data includes individual 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). For the **CY2023** residential Contractor/Midstream Rebates program impact evaluation, 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.

CY2023 Rationale

1. It is reasonable to expect that some of the electrification savings is coming from IE households.
2. The research-based data available to identify potential IE households is the percentage of households in a zip code that are IE based on Elevate's analysis of the US Census American Community Survey (2019) and U.S. Department of Housing and Urban Development Area Median Income (AMI) thresholds (the source of the spreadsheet mentioned above).
3. Therefore, for CY2023, using those percentages to allocate the residential 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.

CY2024 and Beyond

Enhanced policy direction would offer guidance concerning the following questions:

Policy Question 1: How will savings be allocated between Income Eligible (IE) and non-IE households when precise household income information is unavailable?

Can policy be amended to direct that the approach taken in CY2023 is explicitly allowed? Specifically, we recommend adopting language along the following lines:

- For a residential program, when participant income is not captured in the program data but participant zip code is captured, electrification savings can be distributed between market rate and Income Eligible portions based on the percent of households in a given zip code that are below 80% of the U.S. Department of Housing and Urban Development Area Median Income (AMI) threshold.¹

Policy Question 2: Can unclaimable savings from electrification measures be claimed as energy efficiency savings?

25% of the electrification savings must come from Income Eligible households. If that threshold is not achieved in a given year, it is not clear what should happen to the savings. The evaluation team can calculate the total savings that can be claimed where IE represents 25% of the savings. In doing so, some savings will be ineligible for counting as electrification savings. Can those savings be reclassified as energy efficiency savings and still claimed?² We are assuming that if that reclassification is allowable, some amount of re-calculation will be required. For example, converting a gas furnace to an air-source heat pump (ASHP) project to a straight energy efficiency (non EEE) project may require changing the baseline from a gas furnace to a baseline-efficient ASHP.

¹ For example, if electrification savings in a given zip code are 100 MWh and IE households represent 30% of the households in that zip code then 30 MWh would be defined as going to IE households and 70 MWh would be defined as going to market rate households.

² For example, if Guidehouse verified 150 MWh of total electrification savings, where 25 MWh came from IE households, then the total electrification savings that ComEd could claim would be 100 MWh. The policy should answer the question of what happens to the differential between verified and claimed (in this example, between 150 MWh verified but only 100 MWh claimed. What happens with the remaining 50 MWh?)