OVERVIEW OF DISADVANTAGED AREAS NET-TO-GROSS TRACKING FOR AMEREN ILLINOIS

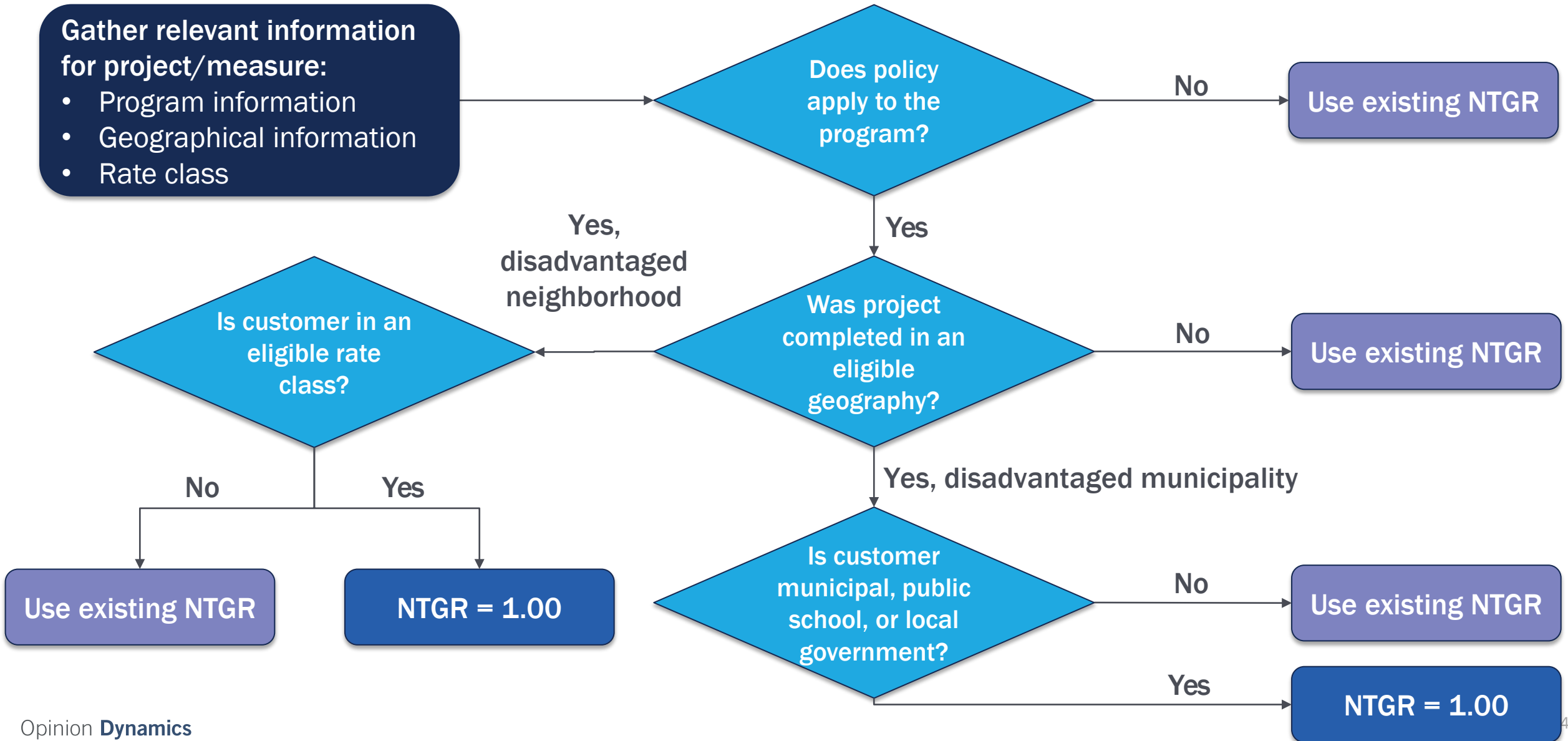## PRESENTATION TO ILLINOIS SAG

JULY 17, 2024

DETERMINING PROJECT / MEASURE ELIGIBILITY FOR DISADVANTAGED AREAS NTG

- Three criteria that need to be determined:

- **Criteria 1:** Does the NTGR for Disadvantaged Areas Policy apply to the offering?

- **Criteria 2:** Was the project/measure implemented in an eligible geography? If so, which type?

- **Criteria 3:** Was the project/measure implemented by an eligible customer type? If so, which type?

- If the policy applies, we then analyze the geographic and customer type criteria to determine if the project/measure should receive a NTGR of 1.00

- If relevant information is unavailable for any of the criteria, we will not apply the policy to that project or measure and will default to the existing NTGR

DECISION PROCESS

Gather relevant information for project/measure:
- Program information
- Geographical information
- Rate class

Does policy apply to the program?

No → **Use existing NTGR**

Yes ↓

Was project completed in an eligible geography?

No → **Use existing NTGR**

Yes, disadvantaged neighborhood →

Is customer in an eligible rate class?

No → **Use existing NTGR**

Yes → **NTGR = 1.00**

Yes, disadvantaged municipality ↓

Is customer municipal, public school, or local government?

No → **Use existing NTGR**

Yes → **NTGR = 1.00**

CRITERIA 1: DOES THE DISADVANTAGED AREAS POLICY APPLY TO THE OFFERING?

Program	Initiative	Channel	Will Policy Be Applied?	Notes
Residential	Market Rate Multifamily	All Channels	Yes	
Residential	Market Rate Single Family	Midstream HVAC	Yes	Account numbers are collected
Residential	Market Rate Single Family	Home Efficiency	Yes	
Business	Standard	Core (Rebates)	Yes	
Business	Standard	Online Store	Yes	
Business	Custom	All Channels	Yes	
Business	Retro-Commissioning	All Channels	Yes	
Business	Small Business	SBDI	Yes	
Business	Midstream	All Channels	Yes	Account numbers are collected
Business	Streetlighting	Municipality-Owned Streetlighting	*TBD*	

- All AIC offerings not mentioned above will <u>not</u> have the NTGR for Disadvantaged Areas Policy applied
- For most other offerings (e.g. Income Qualified), NTGR = 1.00 and therefore the policy is not relevant
- One significant exception: Retail Products Initiative
  - The policy overlaps / conflicts with historically implemented geographic approach for non-lighting measures and therefore we will not attempt to apply it
- Note that where deemed NTGRs > 1.00, we will not apply the policy

CRITERIA 2: WAS THE PROJECT/MEASURE IMPLEMENTED IN AN ELIGIBLE GEOGRAPHY?

The economically-disadvantaged areas designated by this policy[48] are:
- i. Areas identified as "income-eligible households" by Illinois Solar for All ("disadvantaged neighborhood"); and
- ii. The entire area of certain municipalities where at least fifty percent (50%) of the municipality is identified as income-eligible through Illinois Solar for All[49] ("disadvantaged municipality").

- To define "disadvantaged neighborhoods," Leidos (AIC's prime implementer), in accordance with the Policy Manual's guidance, developed a list of 155 ZIP codes that are estimated to include at least 50% of the population designated as income-eligible based on census tracts identified by Illinois Solar for All (ILSFA) using the U.S. Department of Housing and Urban Development (HUD) Crosswalk methodology

- To define "disadvantaged municipalities," Leidos developed a list of 173 municipalities in the state that meet this definition (includes municipalities outside of AIC territory)

- Opinion Dynamics reviewed the development of these lists and signed off on the approach

Opinion **Dynamics**

CRITERIA 3: WAS THE PROJECT/MEASURE IMPLEMENTED BY AN ELIGIBLE CUSTOMER TYPE?

The policy will apply to all Program activity involving the following Customer segments within disadvantaged areas:

i.   Residential Customers in disadvantaged neighborhoods; and

ii.   Business Customers in disadvantaged neighborhoods with rate class designations or energy consumption levels below annual thresholds in the table below.

Program Administrator	Criteria for Eligibility (either/or)	
	Rate Class	Annual Consumption Threshold
Ameren Illinois	Electric: DS-2 (<150 kW) Gas: GDS-2 (<200 therms/day in any month)	Electric: <750,000 kWh/year Gas: <35,000 therms/year

iii. Any general delivery service municipal, public school and local government customers in a disadvantaged municipality

- All residential customers are eligible

- For simplicity, we will determine eligibility for AIC business customers under item ii. based only on rate class
  - Possible exception: Municipality-Owned Streetlighting; may meet consumption threshold and/or <150 kW

Opinion **Dynamics**

SUMMARY OF SENSITIVITY ANALYSIS AROUND EXPECTED IMPACTS

- AIC chose not to apply the policy in 2023 and therefore we do not have historical results to present; 2024 will be the first program year where we apply the policy

- However, as part of the development of the policy in 2023, Opinion Dynamics conducted a rough sensitivity analysis to estimate (at a high level) the expected effects of the policy on the AIC electric portfolio

- We presented this sensitivity analysis to the Policy Manual Subcommittee while the policy was still under development

- The sensitivity analysis included "high," "medium," and "low" cases

- In these cases, the policy was estimated to add 3.0%, 2.2%, and 1.5%, respectively, to 2022 portfolio net electric savings (12,753, 9,478, and 6,204 MWh respectively)

- Our analysis showed that policy effects were expected to predominantly affect the SBDI and Standard Core (rebates) offerings, accounting for 48% and 22% of expected portfolio impact, respectively

Opinion **Dynamics**

PROSPECTIVE IMPACTS OF NTGR FOR DISADVANTAGED AREAS POLICY ON RESEARCH

- For future prospective NTG research supporting offerings where the policy will be applied, we will modify our research such that researched NTGRs are reflective of only non-disadvantaged areas where possible
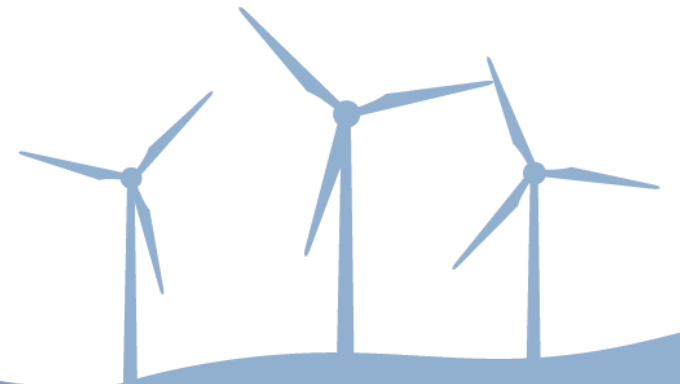
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APPENDIX SLIDES

APPLICATION OF POLICY TO AIC PORTFOLIO

Program	Initiative	Channel	Will Policy Be Applied?	Why?
Residential	Retail Products	All Channels	No	Existing IQ allocation approach addresses similar concepts
Residential	Income Qualified	All Channels	No	NTGRs already = 1.00
Residential	Market Rate Multifamily	All Channels	Yes	
Residential	Public Housing	All Channels	No	NTGRs already = 1.00
Residential	Market Rate Single Family	Midstream HVAC	Yes	
Residential	Market Rate Single Family	Home Efficiency	Yes	
Residential	Direct Distribution Efficient Products	All Channels	No	NTGRs already = 1.00
Business	Standard	Core (Rebates)	Yes	
Business	Standard	Online Store	Yes	
Business	Standard	BOC	No	NTGRs already = 1.00 / savings deemed as net
Business	Custom	All Channels	Yes	
Business	Retro-Commissioning	All Channels	Yes	
Business	Streetlighting	Municipality-Owned Streetlighting	*TBD*	Unclear at this time if DS-5 rate class meets requirement
Business	Streetlighting	Utility-Owned Streetlighting	No	NTGRs already = 1.00 / concept is not relevant
Business	Small Business	SBDI	Yes	
Business	Small Business	SBEP	No	NTGRs already = 1.00
Business	Midstream	All Channels	Yes	
Voltage Optimization			No	NTGRs already = 1.00 / concept is not relevant

ELIGIBLE GEOGRAPHIES

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- Opinion Dynamics reviewed the development of these lists and signed off on the approach

- The following two slides memorialize these lists

DISADVANTAGED NEIGHBORHOODS (ZIP CODES)

60070	60612	60970	61702	62082	62374	62906
60085	60616	61102	61720	62084	62439	62914
60088	60620	61110	61728	62086	62458	62915
60099	60623	61125	61730	62087	62471	62921
60104	60624	61201	61801	62090	62522	62923
60110	60629	61266	61803	62092	62523	62930
60153	60637	61401	61820	62201	62524	62938
60155	60639	61402	61825	62202	62525	62943
60176	60649	61443	61832	62203	62626	62946
60409	60652	61455	61866	62204	62651	62949
60411	60659	61601	61920	62205	62701	62957
60415	60660	61602	62002	62206	62702	62964
60426	60707	61603	62018	62207	62703	62965
60433	60803	61605	62024	62217	62705	62976
60436	60804	61606	62040	62222	62708	62988
60438	60827	61610	62045	62226	62791	62992
60445	60915	61651	62047	62239	62801	62995
60457	60933	61652	62048	62240	62822	
60466	60936	61653	62053	62246	62861	
60471	60942	61654	62059	62250	62863	
60478	60957	61655	62060	62292	62882	
60499	60959	61656	62065	62306	62901	
60505	60962	61701	62070	62326	62902	

Source: Leidos analysis

DISADVANTAGED MUNICIPALITIES (MUNICIPALITY NAME)

Alexander County	Carlinville	East Alton	Harwood Heights	Markham	Richton Park	Stone Park
Alorton	Carpentersville	East Cape Girardeau	Hazel Crest	Mattoon	Ridgewood	Summit
Alsip	Caseyville	East Carondelet	Hickory Hills	Maywood	River Grove	Tamms
Alton	Central City	East Hazel Crest	Hodgkins	McClure	Riverdale	Taylorville
Anchor	Centralia	East St. Louis	Hoffman	McCook	Robbins	Tennessee
Anna	Centreville	Eldorado	Hometown	Melrose Park	Roberts	Thornton
Baldwin	Charleston	Elliott	Hoopeston	Merrionette Park	Rock Island	Tilden
Belknap	Chemung	Elmwood Park	Hopkins Park	Midlothian	Rock Island Arsenal	Ullin
Bellwood	Chicago	Fairmont	Hurst	Mitchell	Rockdale	University Park
Big Foot Prairie	Chicago Heights	Fairmont City	Ingalls Park	Mounds	Rockford	Urbana
Blairsville	Chicago Ridge	Ford County	Jacksonville	Mount Carmel	Roodhouse	Vandalia
Blue Island	Christopher	Ford Heights	Jerome	Mount Vernon	Roxana	Venice
Bradley	Cicero	Freeport	Junction City	North Chicago	Sandoval	Vienna
Bridgeview	Colchester	Galesburg	Justice	North Riverside	Sauget	Wamac
Broadview	Colfax	Gibson	Kampsville	Old Ripley	Sauk	Washington Park
Brooklyn	Colp	Golconda	Kangley	Park Forest	Savanna	Watseka
Burnham	Cooksville	Goodenow	Kankakee	Paxton	Schiller Park	Waukegan
Bush	Country Club Hills	Grandview	Kempton	Phoenix	Sorento	West Frankfort
Cabery	Creve Coeur	Greenville	Kewanee	Piper City	South Chicago Heights	West Peoria
Cahokia	Cypress	Hamburg	Lansing	Pontoon Beach	South Roxana	White Hall
Cairo	Danville	Hardin	Lawrence	Posen	Southern View	Wilmington
Calumet	Dixmoor	Harrisburg	Lawrenceville	Preston Heights	St. Elmo	Worth
Calumet Park	Dolton	Hartford	Litchfield	Prospect Heights	St. Johns	Zion
Cambria	Du Quoin	Harvard	Macomb	Pulaski	Steger	
Carbondale	Dupo	Harvey	Madison	Rantoul	Stickney	

Source: Leidos analysis

RETAIL PRODUCTS APPROACH

- Opinion Dynamics and AIC have been using a geographical approach to determine whether sales of measures through AIC's Retail Products Initiative are considered low income since 2020; this approach is detailed in our annual evaluation reports

- This approach does not explicitly consider "disadvantaged areas" but implicitly captures similar factors and is not feasible to apply in *conjunction* with the NTGR for Disadvantaged Areas Policy; therefore we choose to not apply the policy to this Initiative

- For Point-of-Purchase (POP) channel LED lighting, IQ allocations are deemed at 100% on a per-store by the IL-TRM V12.0 for dollar stores, thrift stores, and any retail store that is closest to a community with a ZIP code that has 65% of family households with an income less than or equal to 299% of the FPL for their household size

- For POP channel non-lighting, measures receive an IQ "allocation" based on United States Census Bureau American Community Survey (ACS) data for all census tracts within a 10-mile radius of each store location
  - Each participating store location has an assigned percentage representing its expected incidence of IQ customers, and by extension, the expected portion of sales going to IQ customers
  - This approach does not apply to sales from thrift stores, for which the IQ allocation is deemed at 100% in the absence of adequate research but with the understanding that these types of retailers tend to attract a higher proportion of IQ customers than other retail channels

- For Downstream Rebate and Online Marketplace offerings, tracking data includes customer addresses from rebate applications, allowing for assignment of IQ allocations based on individual participant ZIP codes
  - These IQ allocations use household-level data from ACS data to calculate the percentage of population that is IQ for each ZIP code in AIC's service territory
  - The evaluation team used these ZIP code-based IQ allocations to estimate the portion of purchases by each IQ participants based on the incidence of IQ customers in that ZIP code