

Illinois EE Stakeholder Advisory Group Small Group SAG Meeting

Thursday, July 18, 2024
10:00 am – 12:00 pm
Teleconference

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Meeting Materials

Posted on the [July 18 Small Group Meeting page](#):

- [Thursday, July 18 SAG Small Group Agenda](#)
- [SAG Facilitator Introduction to July 18 Small Group Meeting](#)
- [ComEd Update on Policy Proposals: Income Eligible Energy Efficiency Electrification Allocation and Energy Efficiency Electrification Baseline Adjustment](#)

The following comments were submitted by interested SAG participants for the June 26, 2024 deadline:

- [Community Investment Corp. Questions on ComEd Policy Proposals](#)
- [Elevate Comments on ComEd Policy Proposals](#)
- [ICC Staff Comments on Ameren Electric Vehicle Measure Proposal](#)
- [Illinois Attorney General’s Office and National Consumer Law Center Comments on Ameren Electric Vehicle Measure Proposal and ComEd Policy Proposals](#)
- [NRDC Comments on Ameren Electric Vehicle Measure Proposal and ComEd Policy Proposals](#)

Attendees

Name	Company or Organization
Celia Johnson	SAG Facilitator (Celia Johnson Consulting)
Jorge Medina Zambrano	SAG Meeting Support (Inova Energy Group)
Abigail Miner	IL Attorney General's Office
Andrey Gribovich	DNV
Briana Moore	Will County Land Use Department
Cassidy Kraimer	Community Investment Corp.
Chris Neme	Energy Futures Group, representing NRDC
Chris Vaughn	Nicor Gas
Elder Calderon	ComEd
Elizabeth Horne	ICC Staff

Name	Company or Organization
Erin Daughton	ComEd
Hannah Howard	Opinion Dynamics
Jaleesa Scott	ComEd
Jeff Erickson	Guidehouse
Jim Fay	ComEd
Josh Sharon	ComEd
Karen Lusson	National Consumer Law Center
Kari Ross	NRDC
Keith Cronin	VEIC (IL-TRM Administrator)
Kevin Johnson	DNV
Kim Janas	IL Attorney General's Office
Kim Swan	ComEd
Mark Milby	Elevate
Matt Armstrong	Ameren Illinois
MeLena Hessel	Elevate
Michele McSwain	Sustainable Environmental and Economic Development Solutions
Neil Curtis	Guidehouse
Nick Warnecke	Ameren Illinois
Nikki Pacific	Ameren Illinois
Seth Craigo-Snell	SCS Analytics
Tara Cunningham	Rinnai
Ted Weaver	First Tracks Consulting, representing Nicor Gas
Zach Ross	Opinion Dynamics

Meeting Notes

See **red text** for follow-up items.

Opening and Introductions

Celia Johnson, SAG Facilitator

Purpose of the July 18th meeting:

1. For Ameren Illinois to follow-up on the electric vehicle policy question presented to SAG on June 12; and
2. For ComEd to follow-up on the income eligible electrification attribution policy questions presented to SAG on June 12.

SAG Facilitator Introduction

- Overview of SAG process to address policy issues and SAG consensus processes
- See [SAG Facilitator Introduction to July 18 Small Group Meeting](#)

Ameren Illinois Update to Proposed Illinois TRM Electric Vehicle Measure

Matt Armstrong, Ameren Illinois

SAG Facilitator Introduction

- SAG Coordination with annual IL-TRM update process:
 - SAG Facilitator coordinates with the IL-TRM Technical Advisory Committee (TAC) and the IL-TRM Administrator (VEIC) by:
 - Participating in IL-TRM meetings
 - Circulating IL-TRM deliverables to SAG with an opportunity for comments
 - Scheduling IL-TRM related policy questions for SAG discussion, as needed
- At the June 12, 2024 Large Group SAG meeting, Ameren presented a policy question that was raised in a TAC meeting to the Large Group SAG:
 - Whether there are policy concerns about the IL-TRM including a Light Duty Electric Vehicle EE Measure
- Written feedback from interested SAG participants was requested following the June 12 meeting. The following SAG participants submitted comments:
 - ICC Staff
 - Illinois Attorney General's Office and National Consumer Law Center
 - NRDC
- NRDC submitted comments on the policy question, sharing that the measure proposal is consistent with statute and conceptually reasonable. However, NRDC flagged that important details would need to be addressed in developing the measure through the TRM process. NRDC also shared there may be reasonable questions about potential free ridership, which would be better addressed in the SAG NTG process, instead of the TRM.
- In addition to the policy comments, several comments were submitted on program design, including whether an electric vehicle program should be offered in a utility EE portfolio. Comments on program design were submitted by ICC Staff, IL Attorney General's Office and National Consumer Law Center, and NRDC.

Ameren Illinois Update

- Ameren Illinois values stakeholder feedback and appreciates recent comments. Ameren held discussions with stakeholders to better understand their positions.
- Ameren Illinois is withdrawing the electric vehicle measure proposal at this time. However, Ameren Illinois would like to continue having discussions about the electric vehicle measure in the future. Ameren believes there is potential value in this measure, especially with increased adoption of efficient electric vehicles and their impact on the electric delivery system.

ComEd Policy Update

Kim Swan and Elder Calderon, ComEd

SAG Facilitator Introduction

- On June 12, ComEd presented two policy questions to the Large Group SAG, with recommended resolution
- **Policy issue 1:**
 - For mix market programs such as Midstream, Income Eligible (IE) Energy Efficiency Electrification 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.

- **Policy issue 2:**
 - 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.
 - For any remaining Electrification savings, ComEd recommends shifting baseline from fuel switching to electric and recategorizing these savings as traditional energy efficiency savings.
- Written feedback from interested SAG participants was requested following the June 12 meeting. The following SAG participants submitted questions and comments:
 - Community Investment Corp.
 - Elevate
 - Illinois Attorney General's Office and National Consumer Law Center
 - NRDC
- See [SAG Facilitator Introduction to July 18 Small Group Meeting](#), slides 14-15, for a brief summary of comments received

ComEd Update and Discussion on Policy Issue 1: Income Eligible (IE) Energy Efficiency Electrification (EEE) Allocation:

- ComEd proposes that starting in 2024, electrification savings from midstream EE electrification programs should be allocated based on the proportion of income-eligible households in each zip code.
- This methodology was used and validated in 2023 evaluations and found to be reasonable.
- Comments pointed out discrepancies in incentives between direct-to-consumer and midstream programs, but ComEd believes participation willingness varies and that a 0% allocation is unreasonable.
- ComEd supports flexibility in program approaches to reach more income-eligible customers.
- ComEd acknowledges comments on the 53% split for heat pumps but prefers such discussions in a more appropriate forum, the TRM process.
- A comparison of heat pump distributions by zip code showed overlap between income-eligible and market-rate customers, contradicting assumptions that only market-rate customers are purchasing heat pumps.
- When applying the proposed 2023 methodology, the resulting allocation for income-eligible electrification savings in midstream programs was 33%.
- This aligns with the distribution curve for heat pumps sold, which shows the mean falling within the 30% range.
- There is a clear overlap between heat pump sales and income-eligible households, supporting the proposed allocation method.
- The proposed methodology is seen as the most accurate and responsible way to allocate income-eligible electrification savings, meeting regulatory requirements.
- The summary supports the argument for the proposed allocation method and addresses comments provided.

Chris Neme – Are you suggesting that this analysis supports your proposal as crafted, or are you proposing a modification in response to it, considering the data showing that a lower proportion of heat pumps are installed in zip codes with higher percentages of low-income households?

Elder Calderon – We need to look at the overall distribution. While it may not show a direct one-to-one proportion, it also doesn't show a significant deviation. We're not arguing that it's the exact truth, but that there should be an allocation to income-eligible electrification savings for midstream programs, as these programs achieve income-eligible electrification

Karen Lusson, National Consumer Law Center (via chat) – How did ComEd identify the households that you are identifying as IE in your zip code graph? LIHEAP/PIPP participation? Acxiom data?

Elder Calderon – We're using the Elevate study's methodology, which used census tract data to determine income-eligible household percentages at the zip code level, with an 80% AML threshold for identifying income eligibility.

Kari Ross, NRDC (via chat) – Is this data just from PY2023?

Elder Calderon – This is data from program year 2023 that Guidehouse put together from what they collected from midstream programs. The reference to 2023 is to emphasize that the methodology has been vetted and implemented before, and the argument is that it remains the most accurate way to allocate income eligible electrification savings in midstream programs.

Karen Lusson, National Consumer Law Center (via chat) – Does this data set represent heat pumps that were purchased through a trade ally (not thru ComEd IE weatherization program) or at a store via rebate or both?

Elder Calderon – A combination of retailers, distributors and contractors, installing at the household.

Chris Neme – The policy assumes that if a zip code has 40% low-income households, then 40% of heat pump rebates in that area should be for low-income households, but the data suggests that low-income participation is not proportional to their population in high-low income areas.

Elder Calderon – The distribution of heat pumps is influenced by overall population size, so extreme areas with fewer households might not reflect proportional participation accurately; thus, the heat pump distribution aligns more with general population trends than exact income-based proportions.

Jeff Erickson – This question was previously explored with downstream programs, but the data available was deemed inadequate for drawing conclusions, possibly due to insufficient sample size or irrelevance of the data.

Chris Neme – For the 61-70% income-eligible zip codes, the percentage of non-income-eligible households is around 7-8%, and income-eligible households is around 15-16%. The weighted average is approximately 11%, compared to 3% of the rebates. This suggests that instead of a proportional allocation, assuming low-income participation at around a third of the proportion might be more accurate than a quarter.

Kim Janas – Is one of the arguments that this was adopted in 2023 and therefore should be accepted again? Was this previously addressed as a policy issue at SAG?

Elder Calderon: This is not a new methodology; it has been vetted and explored for 2023. This is the most accurate, available data to be able to identify an allocation. This was not previously presented to SAG. It was an evaluation decision. Guidehouse recommended it be presented to SAG [this year].

MeLena Hessel – Elevate shared concerns about the proportional uptake of technologies and noted that the current methodology might overstate low-income adoption of these technologies. Is there any precedent for allocating midstream savings to low-income carve outs and whether this practice is part of a broader approach being considered by ComEd?

Kim Swan – The allocation of midstream savings to low-income carve outs was first addressed in the 2023 evaluation report due to the emergence of electrification savings. The methodology was adopted for 2023, but this is the first time the policy issue is being presented to SAG.

Chris Neme – The statute requires that 25% of electrification savings must come from low-income housing, which differs from the language in other low-income carve outs that focus on minimum spending on low-income programs. The electrification carve out might allow for a broader interpretation, but it still needs to be applied reasonably.

Elder Calderon – We can't use past precedents for energy efficiency spending to justify not allocating savings for income-eligible households, as this is the first instance with a savings requirement specifically for low-income electrification.

Ted Weaver – Could you revisit data from the downstream program to provide an interim solution, even if it's not perfect, as a middle ground between zero and proportional allocations, while Guidehouse works on collecting better data?

Jeff Erickson – To improve accuracy, more research is needed, potentially involving collecting specific customer income data through surveys or partnerships, which would involve administrative costs but could enhance the precision of allocation methodologies.

Chris Neme (via chat) – To Ted's point, ComEd could at least identify the % of downstream rebate customers who were getting PIPP or LIHEAP relative to the % of the total population that get PIPP or LIHEAP.

Zach Ross (via chat) – Do you need the "relative" part? This is something we have been thinking about.

Zach Ross (via chat) – Is the key question the % of downstream participants on PIPP/LIHEAP vs. the % of customers as a whole on PIPP/LIHEAP? Or is it just the % of downstream participants on PIPP/LIHEAP period.

Chris Neme (via chat) – I think we need the relative number because (a) not everyone eligible for PIPP/LIHEAP takes it and (b) not everyone who meets the IQ definition is eligible for PIPP/LIHEAP.

Philip Mosenthal – The concern is whether the 53% electrification figure is based on a survey confirming that the program directly influenced the decision to electrify, or if it merely reflects that those participants had outdated systems being replaced, without

proving the program's impact.

Elder Calderon – The discussion on the 53% electrification figure isn't appropriate here and should be addressed in a more relevant forum, such as the TRM process.

Karen Lusson – ComEd should utilize data from ICC docket no. 20-40163 [low income discount rate], which includes detailed customer information and income data through Axiom. This could help better assess and allocate savings for low-income households.

Chris Neme: ComEd should look at downstream rebates, including which customers were PIPP or LIHEAP eligible. This historic downstream data could be used to estimate a portion of downstream participants who were low income.

Elder Calderon – The issue is that midstream programs only collect zip code data, not individual customer data, making it challenging to determine income eligibility for allocation purposes.

Next Steps for Policy Issue #1:

- ComEd will consider the suggestions from the July 18th meeting and may reach out individually to parties to discuss. ComEd will continue to pursue resolution of this policy issue.
- SAG Facilitator will coordinate with ComEd on next steps, including whether an updated policy proposal should be circulated for review or discussed in a follow-up meeting.

ComEd Update and Discussion on Policy Issue 2: Electrification Baseline Adjustment

- The second policy proposal addresses handling any remaining electrification savings.
- If electrification savings exceed the statutory cap, the proposal suggests adjusting the baseline to focus solely on energy efficiency savings, not fuel switching.
- The statutory language limits claiming electrification savings to the cap, but switching the baseline to electric allows claiming efficiency savings without exceeding the cap.
- This approach is intended to support electrification adoption, especially given upcoming increases in statutory caps.
- The policy aims to reduce risk and maintain program consistency, encouraging market growth and customer adoption of new technologies.

Philip Mosenthal – For electrification projects like heat pumps or heat pump water heaters, the baseline efficiency would be assumed as a standard electric heat pump rather than an electric resistance heater.

Elder Calderon – The discussion should focus on the ability to switch the baseline for electrification savings, with a separate and more thorough discussion needed on what the baseline should be based on TRM guidelines for similar energy efficiency projects.

Zach Ross – Please ensure that any documentation of this policy clearly specifies that only efficiency savings, relative to a standard efficiency heat pump, will be claimed for electrification projects.

Elder Calderon – Further discussion is needed on the baseline for electrification projects, with a need to represent the electric baseline in the TRM for all-electric households, as there may be disagreements on using standard efficiency heat

pumps as the baseline.

Chris Neme – In some cases, such as with ductless mini-split systems, it might be assumed that a portion of the population previously used electric resistance heat based on survey data or similar information.

Andrey Gribovich – For some measures, there is a blended baseline that assumes a mix of heat pump and electric resistance for projects with unknown baselines.

Karen Lusson, National Consumer Law Center (via chat) – Phil raises an important point. Baseline calculation of EE savings matter.

Zach Ross (via chat) – I disagree with Phil's characterization of some specific measures; we need to be very clear in this policy about baseline.

Next Steps for Policy Issue #2:

- IL Attorney General's Office requested ComEd provide a statutory interpretation.
- ComEd suggested the baseline conversation needs further discussion.
- A follow-up Small Group SAG meeting is scheduled on **Monday, August 12 (1:30 – 3:00 pm)**.

Closing and Next Steps

Ameren Illinois Proposal to include a Light Duty Electric Vehicle Measure in the IL-TRM:

- Ameren Illinois is withdrawing the electric vehicle measure proposal at this time. Ameren Illinois would like to continue having discussions about the electric vehicle measure in the future.

ComEd Policy Proposal #1, Income Eligible (IE) Energy Efficiency Electrification (EEE) Allocation:

- ComEd will consider the suggestions from today's meeting and may reach out individually to parties to discuss. ComEd will continue to pursue resolution of this policy issue.
- SAG Facilitator will coordinate with ComEd on next steps, including whether an updated policy proposal should be circulated for review or discussed in a follow-up meeting.

ComEd Policy Proposal #2, Electrification Baseline Adjustment:

- IL Attorney General's Office requested ComEd provide a statutory interpretation.
- ComEd suggested the baseline conversation needs further discussion.
- A follow-up Small Group SAG meeting is scheduled on **Monday, August 12 (1:30 – 3:00 pm)**.