

## Illinois EE Stakeholder Advisory Group Small Group SAG Meeting

**Monday, September 16, 2024**

1:30 – 3:00 pm

Teleconference

### Attendees and Meeting Notes

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#### Meeting Materials

Posted on the [September 16 Small Group meeting page](#):

- [Monday, September 16 SAG Small Group Agenda](#)
- [SAG Facilitator Presentation: Introduction to September 16 Small Group Meeting](#)
- [ComEd Presentation](#)
- [ComEd Proposed Policy Resolution](#)
- Follow-up document for review:
  - [ComEd Proposed Policy Resolution for Review](#)

#### Attendees

Name	Company or Organization
Celia Johnson	SAG Facilitator (Celia Johnson Consulting)
Abigail Miner	IL Attorney General's Office
Andrey Gribovich	DNV
Cassidy Kraimer	Community Investment Corp.
Chad Balthazor	Cascade Energy
Charles Ampong	Guidehouse
Chris Neme	Energy Futures Group, representing NRDC
Chris Vaughn	Nicor Gas
Danish Murtaza	Peoples Gas & North Shore Gas
Elder Calderon	ComEd
Elizabeth Horne	ICC Staff
Fernando Morales	Ameren Illinois
Hassan Khurshid	DNV
Jaleesa Scott	ComEd
Jeff Erickson	Guidehouse
Jeffrey Carroll	DNV
Jim Fay	ComEd

Name	Company or Organization
Josh Sharon	ComEd
Kari Ross	NRDC
Kevin Johnson	DNV
Kim Brown	ComEd
Kim Swan	ComEd
Mark Milby	Elevate
Mary Johnson	Resource Innovations
Matt Armstrong	Ameren Illinois
Michele McSwain	SEEDS
Nate Baer	i3 Energy
Neil Curtis	Guidehouse
Nick Warnecke	Ameren Illinois
Nikki Pacific	Walker-Miller Energy Services
Philip Mosenthal	Optimal Energy, representing NCLC
Seth Craigo-Snell	SCS Analytics
Ted Weaver	First Tracks Consulting, representing Nicor Gas
Tori Woolbright	Metropolitan Mayors Caucus
Zach Ross	Opinion Dynamics

**Meeting Notes**

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

**Opening and Introductions**

*Celia Johnson, SAG Facilitator*

**Purpose of the September 16<sup>th</sup> meeting:**

- For ComEd to follow-up on the income eligible electrification policy questions presented to SAG on June 12, and discussed in a July 18 SAG Small Group meeting.

**Introduction**

- Overview of SAG process to address policy issues and SAG consensus processes
- On June 12, ComEd presented two policy questions to the Large Group SAG, with recommended resolution. Written comments were requested from interested SAG participants following the June 12 meeting. A follow-up SAG Small Group meeting was held on July 18.
- See [SAG Facilitator Presentation: Introduction to September 16 Small Group Meeting](#)

**ComEd Policy Update**

*Kim Swan and Elder Calderon, ComEd*

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

- ComEd has undertaken research on finding a methodology to address the overcounting concerns. We found that in the case of using census tract for IE allocation.

- There is an equivalent methodology included in the Policy Manual, for income verification for single family income qualified programs, where census tract can be used to verify income eligibility.
- ComEd is not able to obtain attestation through the midstream program because we do not have customer verification. We would not be able to do this without changing the program to a downstream program. We also cannot obtain addresses on a consistent basis. What we can do is use zip code + 4, and that can be used to identify a census tract.
- ComEd proposes to use a zip code + 4 data to allocate an appropriate percentage of EEE savings to Income Eligible in that year.

*Chris Neme: In your Policy Manual example, where census tract can be used to support treating a customer, I think those are DOE census tracts where the average income is 60% AMI. Is that correct?*

- *Elder Calderon: Yes. HUD census tracts.*
- *Chris Neme: This is a narrower definition than IL Solar for All.*

*Chris Neme: How will you use the zip + 4 data?*

- *Elder Calderon: This is a project-by-project allocation, where zip + 4 for a specific project can be used to identify the census tract for that project. The census tract will verify the income eligibility.*
- *Chris Neme: What census tracts? HUD or IL Solar for All?*
- *Elder Calderon: The income eligibility being defined as under 80% AMI.*
- *Chris Neme: ComEd would assume 100%?*
- *Elder Calderon: It would be project by project. If a project is located in an income eligible census tract, that project would be identified as income eligible.*
- *Chris Neme: If a project is in a zip + 4 census tract, where at least 80% of the households had 80% of the households as low income, that household would be treated as low income.*
- *Elder Calderon: Based on examples that we found; the Commission has found that census tract can be used for income eligibility.*
- *Chris Neme: There is an important difference – that requires attestation, which you would not be able to provide, and the Policy Manual definition is a stricter definition of census tract. This proposal is only consistent with half of what the Commission has approved, since there is no attestation that could be provided. This seems like an overly generous assumption.*
- *Elder Calderon: We are talking about whether the census tract methodology is granular enough to identify income eligibility. We should follow the existing definitions in the Policy Manual – 80% AMI or less. The Policy Manual references census tract, as an avenue for identifying income eligibility.*
- *Chris Neme: The Commission has proposed census tracts as reasonable when they are paired with attestation that the household is below 80% AMI. What the Commission has approved is different than what is being proposed.*

*Mark Milby: Can you confirm how this policy proposal has changed [compared to what was discussed previously]?*

- *Elder Calderon: This proposal uses the same definition for income eligibility. Instead of zip codes, we would use census tract to identify the income eligibility;*
- *Mark Milby: Only census tracts with 50% or greater density are being considered?*
- *Elder Calderon: Yes.*

- *Chris Neme: Once a census tract is identified, in the previous proposal you would have included x% of participants. In this updated proposal, 100% would be allocated as income eligible. Previous proposal was proportional across all census tracts. The updated proposal is 100% allocation across eligible census tracts?*
- *Elder Calderon: Previous proposal was across all zip codes, not all census tracts.*

*Seth Craigo-Snell: Does the program capture the actual installation addresses? Or only the zip + 4? Or is reporting from distributors to the program is aggregated in certain time periods?*

- *Elder Calderon: Address information is not being collected. Currently we only collect zip codes, without the plus 4. This is collected from distributors and contractors.*
- *Seth Craigo-Snell: Zip code information is used to qualify the sales?*
- *Elder Calderon: Yes, there are certain zip codes that have been identified as income eligible – 50% density or more, at 80% AMI or less.*

*Ted Weaver: Agree that zip + 4 provides greater granularity. With the midstream program, customers are buying something that could be tens of thousands of dollars. This method seems like it will overcount the number of low income customers.*

- In a previous SAG discussion on this policy issue, Elevate presented that 42% of ComEd customers are income eligible.
- During previous discussions, it was pointed out that the methodology proposed by ComEd may overcount income eligible savings.
- ComEd did a study in 2024 based on the data we had available. This showed about 10%. While this methodology may still overcount, there is not going to be a methodology that is 100% accurate. The point is to identify a methodology that
- ComEd does not current collect zip + 4, but it is a feasible change to the program starting in 2025 and beyond.

*Chris Neme: You made a reference to 10%. Can you explain the “Census Tract Granularity” slide?*

- *Elder Calderon: Correct. ComEd has more information to share on how we would allocate for the 2024 program year.*
- For 2024, ComEd does not have census tract project by project, and we do not have zip + 4. We have zip codes.
- The ComEd team researched the data we have available, and the data we share with Guidehouse (ComEd’s evaluator). What we found is there is additional customer information beyond zip code. Not customer address, but voluntary information. This includes email address and phone numbers. We looked at this data compared to ComEd’s billing system. We found that a statistically significant portion of the data set was found to include enough unique customer identifiers that could be tied back to our billing system to identify unique customer premises. ComEd found that 10% of the matched customer premises were found to be in income eligible census tracts.
- **ComEd proposal for 2024:** Based on the data analysis performed on midstream heat pump participation, ComEd suggests that an income eligible allocation for midstream EEE savings be set at 10% for 2024.

*Chris Neme: If ComEd had enough households to tie them to individual accounts, could you use the same data to identify the number or % of households on a bill payment or assistance program?*

- *Kim Swan: The customers who sign up for assistance programs is smaller than those that qualify.*
- *Chris Neme: It would be interesting to see the data – what % of ComEd’s customers can be compared to those who signed up for bill payment or assistance programs.*
- *Elder Calderon: The challenge is bringing in a different definition.*
- *Phil Mosenthal: I have a lot of concerns with this. The fact that only 10% of participants shows a strong tendency towards self-selection bias. Electrification costs upwards of \$30,000 to \$40,000 or higher. It is more likely that the 10% of customers you are finding are customers who are above the income average.*
- *Elder Calderon: Income eligibility comes in many flavors; they are not all income eligible customers choosing to purchase heat pumps. It is non-zero participation of income eligible customers in ComEd’s programs. We need to identify what methodology is feasible for midstream programs, to provide a reasonably accurate estimate.*
- *Phil Mosenthal: I would expect there to be income eligible households participating in the income eligible program. For example, if you own a home with a heat pump and it fails, you need to go buy a new one. However, this is very different that an income eligible customer choosing electrification.*
- *Elder Calderon: There is one assumption that is critical – there is the purchase of a heat pump to replace a functioning one. The midstream program does not know if it is a purchase due to failure. Not all sales of equipment are early retirement.*

*Abigail Miner: Regarding “10% of the matched customer premises”, this was not LIHEAP or PIPP?*

- *Elder Calderon: Correct.*

*Kari Ross: Regarding bullet 3 – “a statistically significant portion...” What was ComEd looking for in the data set? What were the unique identifiers? How did that lead you to the 10%?*

- *Elder Calderon: The unique data was phone numbers and email addresses. Not every customer has a ComEd account, but may do. We found a statistically significant portion of customers could be matched to unique customer premises or accounts.*
- *Kari Ross: What is that telling you regarding the attribution number?*
- *Elder Calderon: We were able to match those customers with a specific address. We could use that address to identify a census tract, and a census tract to verify income eligibility. We found that 10% of those customers were located in an income eligible census tract.*
- *Kari Ross: Income information is largely available if you have identifying information. Did ComEd consider that, to find a more concrete number?*
- *Elder Calderon: To my knowledge we do not have income information for customers. If customers participate in other IQ programs, such as LIHEAP or PIPP, but those are not equivalent to what we are addressing here.*
- *Kari Ross: Since contractors are able to collect zip codes, can another question be added “is your household income lower or higher than x amount”? This is another way to collect information.*
- *Elder Calderon: This goes back to the attestation issue. We explored this; this information is not feasibly collected without turning it into a downstream program, triggering the requirement for ICC certification with contractors.*
- *Kari Ross: Knowing if someone is at or below 80% AMI would move it to a downstream program?*

*Chris Neme: For 2025 and beyond, can ComEd look at how many customer premises you can match from the midstream program, and count those customers if they are on a ComEd discount rate? Starting next year, ComEd will be offering a low income discount rate. This would alleviate the issue of PIPP and LIHEAP being a different %. A discount rate would be a pretty good proxy for 80% AMI.*

- *Kim Swan: This is regardless of the census tract?*
- *Chris Neme: Yes.*
- *Kim Swan: It was logistically challenging to cross-reference the email addresses.*
- *Elder Calderon: This is an interesting idea. The risk is we can't guarantee we will have a statistically significant portion. We would need to explore data collection design.*
- *Phil Mosenthal: Another option that I would prefer is an evaluation of the 2024 participants and survey a statistically valid sample of participants, asked them about their income level, and whether they did electrification / whether it was influenced by the rebate.*
- *Kim Swan: We talked to Guidehouse about a potential survey earlier this year, and they thought a survey like this would not be a viable option and would be costly.*
- *Jeff Erickson: Agreed. This type of survey would random, it would be costly, and it would be unreliable. A survey of customers who actually purchased with their phone numbers would be different.*
- *Phil Mosenthal: I would be comfortable retroactively applying the results of a future study.*
- *Kim Swan: We need to figure out two resolutions of this issue – one for 2024, and one for 2025 and moving forward.*

*Andrey Gribovich: Heat pumps are often installed as a cooling replacement. No additional home upgrades need to occur to support that cooling load. This is less costly. With incentives available, it is often a similar cost to installing a new A/C.*

*Phil Mosenthal: To the extent ComEd has participants prior to 2025, you could also look at billing history and know if a customer did electrification or not.*

- *Chris Neme: I agree with Andrey's point. For the reason he stated - as well as others - I suspect that the average cost per heat pump is much lower through the midstream program than the cost levels Phil referenced. Plus, they are incremental costs when replacing central A/C or furnaces (or both).*
- Resolving this policy issue is important for ComEd in planning for electrification for EE Plan 7.
- ComEd is interested in feedback on using an Income Eligible allocation for midstream EEE savings at 10% for 2024.

*Elder Calderon: The midstream EE program does not verify electrification or not – there are parameters in the IL-TRM.*

- *Phil Mosenthal: Acknowledges there is an agreement in the TRM. However, this proposal is to count low income customers as doing electrification.*

**Feedback Request: Are SAG participants comfortable with ComEd using 10% allocation for 2024?**

- *Chris Neme: NRDC could agree to this, provided there is agreement on an approach that will be more accurate for future years.*

- *Kim Swan: The low income discount rate becomes effective July 1, 2025 – I presume there is a ramp up. It may not be representative in 2025 if that is the case.*
- *Chris Neme: There could be a commitment to use this approach for program year 2026, and we could reassess for 2025.*
- *Kim Swan: ComEd will assess next steps for 2025 and follow-up.*

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

- ComEd has shared a legal interpretation of legislation which supports this policy.
- IL-TRM provides an electric baseline for unknown existing conditions.
- See IL TRM Version 12.0, 5.3.1 – Air Source Heat Pumps (Centrally Ducted and Ductless)
- **ComEd proposal:** ComEd recommends following the TRM methodology for proposed electric baseline scenario. ComEd is suggesting using the time of sale baseline from the TRM, for an “unknown baseline.” Excerpt from IL-TRM:

**Time of Sale:** The baseline for this measure is a new replacement unit of the same system type as the existing unit, meeting the baselines provided below<sup>311</sup>.

Unit Type	Efficiency Standard
Standard sized Ducted ASHP	14.3 SEER2, 9.4 EER2, 7.5 HSPF2
Standard sized Ductless ASHP	14.3 SEER2, 8.5 EER2, 7.5 HSPF2
Space constrained ASHP	11.9 SEER2, 7.8 EER2, 6.3 HSPF2
Electric Resistance	3.412 HSPF2
Natural Gas or LP Furnace	80% AFUE
Natural Gas or LP Boiler	84% AFUE
Oil Furnace	83% AFUE
Oil Boiler	86% AFUE
Standard sized Central AC	13.4 SEER2, 10.6 EER2
Space constrained Central AC	11.7 SEER2, 9.2 EER2
Unknown, installing ducted <sup>312</sup>	13.9 SEER2, 9.4 EER2, 5.9HSPF2, 80.1% AFUE
Unknown, installing ductless	13.7 SEER2, 8.5 EER2, 5.3HSPF2, 81.1% AFUE

*Chris Neme: Is this blending a small portion with electric resistance?*

- *Phil Mosenthal: Interested in the % allocation.*
- *Zach Ross: ComEd is recommending the unknown rows at the bottom, not the heat pump rows at the top – correct?*
- *Elder Calderon: Yes.*
- *Zach Ross: The rows at the bottom do include a blend of different systems. Opinion Dynamics and Guidehouse put this table together based on data a few years ago.*
- *Chris Neme: This seems reasonable.*
- *Phil Mosenthal: What if the customer bought a more efficient one due to the rebate?*
- *Chris Neme: There are also people looking to add cooling and get convinced to install ductless heat pumps.*

**Closing and Next Steps**

Comments on the ComEd Policy Proposals in the presentation linked below are due by Friday, October 4.

- [ComEd Proposed Policy Resolution for Review](#)
  - Policy 1: Quantifying Income Eligible Participation for 2024 (slide 2)
  - Policy 2: Proposed Baseline Approach (slide 3)
- Send comments to Kim Swan ([Kimberly.Swan@ComEd.com](mailto:Kimberly.Swan@ComEd.com)) and Elder Calderon ([Elder.Calderon@ComEd.com](mailto:Elder.Calderon@ComEd.com)) and CC [Celia@CeliaJohnsonConsulting.com](mailto:Celia@CeliaJohnsonConsulting.com).