



DISADVANTAGED AREAS POLICY PROPOSAL WORKING GROUP

IL POLICY MANUAL 3.0

JANUARY 25, 2023

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Policy Proposal and Rationale

Programs successfully serving communities identified and designated to be disadvantaged areas will receive a NTG Ratio of 1.0, similar to that for all income qualified programs.

- Address continuing concerns around equity in program access and participation
- Acknowledge the additional Marketing Education & Outreach (ME&O) strategies and coordination efforts (with community partners and potential participants) that are needed to serve these disadvantaged areas
- Encourage utilities to build inclusive programs that will drive customer success and adoption in these communities



Three Issues to resolve from previous discussions

1) Delineation of Disadvantaged Areas

- a) As clearly defined as possible in the policy
- b) Handle each utility service territory separately

2) Implications for NTG

- a) Concern about existing values
- b) Assurance about future values
- c) Comment: NTG is not the only mechanism of importance

3) Eligible Business Customers

- a) Concern about large customers
- b) Concern about national chains

Delineation of Disadvantaged Areas Analysis

Demographic Data

1. Income Qualification: % of households below 300% FPL (low and moderate income)
2. Diversity: % non-white (including Hispanic and Latino)
3. Health: % asthma

2020 American Community Survey
Census data ([Link to ACS](#))

Center for Disease Control ([Link to CDC](#))

2018-2022 AIC Small Business Program Activity

Number of AIC Business Accounts



Delineation of Disadvantaged Areas Analysis

Proposed Delineation Approach – similar to CCRPC Priority Index used for the Empower Communities Study

- Normalize each variable across its own range
 - e.g., asthma rates range from 8.5% to 14.8% across the AIC service territory:
 $8.5\% \rightarrow 0$ $14.8\% \rightarrow 100$
- Identify a percentile threshold above which an area is disadvantaged:
 - 70th? 80th? 90th?
- Combine the three variables
 - Threshold and above for any single variable
 - Threshold and above for 2 or more of the variables

Analysis

- Use the delineation and program/accounts data to determine program activity in and outside of proposed Disadvantaged Areas

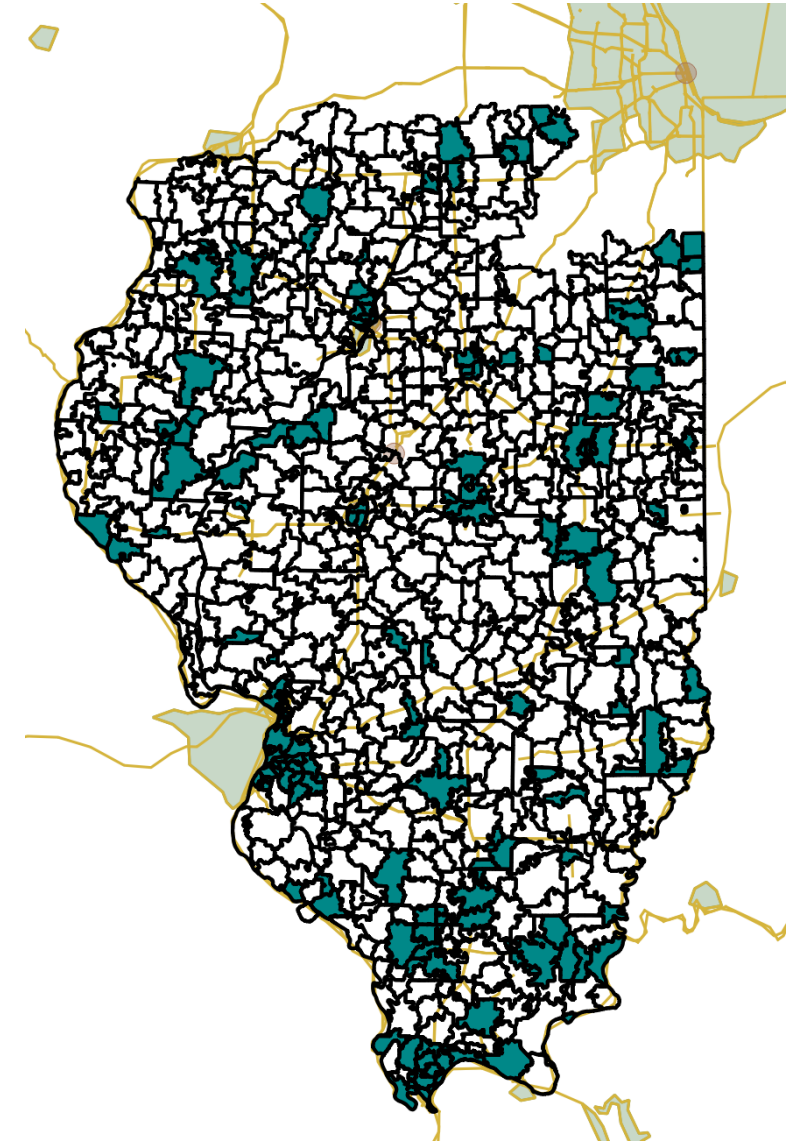


Delineation of Disadvantaged Areas Analysis

90th Percentile and above for any 1 variable:
IQ, Diversity, or Asthma

Overall Electric Incentives* – AIC Small Business Initiatives

	DAs	non-DAs	Total	DAs	non-DAs
Total	\$39,584	\$128,846	\$168,431	24%	76%
2018	\$5,013	\$19,629	\$24,642	20%	80%
2019	\$6,773	\$26,809	\$33,582	20%	80%
2020	\$10,538	\$28,520	\$39,058	27%	73%
2021	\$10,451	\$30,409	\$40,860	26%	74%
2022	\$6,809	\$23,480	\$30,289	22%	78%
Number of Zip Codes:	111 19%	489	600		
Number of AIC Business Accounts:	73,490 39%	115,595	189,085		
Number of Households:	470,705 40%	696,836	1,167,541		
Number of Individuals:	1,161,046 40%	1,720,177	2,881,223		



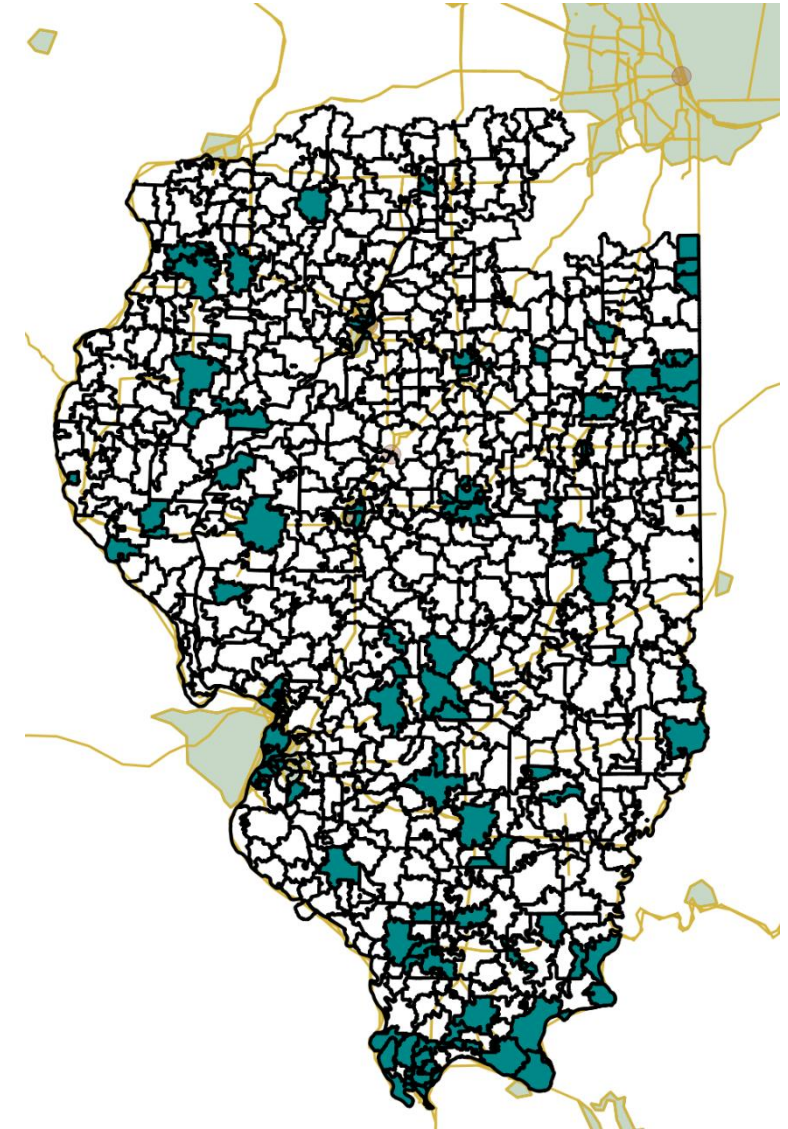
* Values are: Overall Electric Incentives per # of AIC Business Accounts in each zip code.

Delineation of Disadvantaged Areas Analysis

80th Percentile and above for 2 or more variables:
IQ, Diversity, or Asthma

Overall Electric Incentives* – AIC Small Business Initiatives

	DAs	non-DAs	Total	DAs	non-DAs
Total	\$33,858	\$134,573	\$168,431	20%	80%
2018	\$3,791	\$20,851	\$24,642	15%	85%
2019	\$5,317	\$28,265	\$33,582	16%	84%
2020	\$8,516	\$30,542	\$39,058	22%	78%
2021	\$10,821	\$30,038	\$40,860	26%	74%
2022	\$5,411	\$24,877	\$30,289	18%	82%
Number of Zip Codes:	85	515	600		
	14%				
Number of AIC Business Accounts:	61,635	127,450	189,085		
	33%				
Number of Households:	374,243	793,298	1,167,541		
	32%				
Number of Individuals:	918,541	1,962,682	2,881,223		
	32%				



* Values are: Overall Electric Incentives per # of AIC Business Accounts in each zip code.

Delineation of Disadvantaged Areas Analysis

Summary

- **Compelling data to support the understanding that disadvantaged areas are underrepresented and need additional support**
- **Proposed method to delineate disadvantaged areas – AIC still considering and fine tuning, but it is promising**
- **Good balance of technical data (IQ, Diversity, and Health) and operational outcomes**

Implications for NTG

Existing Values

- Underrepresentation of program activity already leads to estimated values that are more representative of non-disadvantaged areas

Future Values

- Important point, but not a major concern: Careful design of evaluation sampling

NTG not the only mechanism of importance

- Agreed, but this is an efficient leveraging of an existing policy/evaluation tool to encourage the kind of additional targeting and engagement that is necessary to encourage real change
- Builds on the success of the Residential IQ NTG policy



Eligible Business Customers

Large Customers

- Perhaps rate class designations be used
- Small Business and Standard Programs would be included
- Custom Program? More about size and sophistication than type of program offering

National Chains

- Agree that there is a level of sophistication in some large, national/regional businesses that significantly mitigate this problem
- Careful about franchised businesses with local owners or rented property





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Additional Material

Policy Rationale

“Target programs to the communities that need efficiency the most, such as people living in low-income neighborhoods or in high-pollution areas. This involves shifting funding to allow for larger rebates and investments in these communities; increasing marketing, outreach, and education; and designing programs that specifically address the needs of the particular community or region. Fundamental program rules (like how we measure the costs and benefits of programs) may need to be adjusted to successfully implement this strategy.”

["Energy Efficiency Reform Is Needed to Reach All Communities", NRDC, June 2020](#)



Findings from Recent Evaluation Studies

Empower Communities Study

Finding:	Requires Additional:
Customers are primarily unaware of AIC EE Programs	Marketing, education, and outreach (ME&O) Engagement with Community Partners Coordination for activation on projects Trained Program allies
Only modest interest in participating	
Other priorities and perceived lack of control over energy costs	
Many other barriers to participation: cost, procedures, structural, knowledge, and workforce/supply chain limitations	

Low Income Needs Assessment

Finding:	Requires Additional:
High Energy Burden for Residential Customers:	Marketing, education, and outreach (ME&O) Innovative multifamily strategies Mitigation of HCS barriers Engagement with Community Partners
Low (8.2%) and Moderate (4.1%) Income	
Renters (6.4%)	
Multifamily (5.0%) and Mobile Homes (5.9%)	
Health, Comfort, and Safety (HCS) Challenges	
Low Awareness of AIC EE Programs	



Examples From Other Jurisdictions

- [Massachusetts](#)
- [New York](#)
- [California](#)
- [Colorado](#)
- [Michigan](#)
- [Illinois](#)

