

Annual SAG Net-to-Gross Update Process

September 6, 2023 Large Group SAG Meeting

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NTG Update Process

- ▶ Annual SAG process required by the Policy Manual to discuss Net-to-Gross (NTG) ratios / values prepared by independent evaluators
 - ❖ Evaluators share initial recommended values by September 1
 - ❖ During the month of September, interested SAG participants review and discuss values over several meetings
 - ❖ Values must be finalized by October 1
 - ❖ NTG values finalized by October 1 will be effective for the program year beginning on January 1, 2024
 - ❖ All meeting materials posted on SAG website: <https://www.ilsag.info/evaluator-ntg-recommendations-for-2024>
- ▶ **Definition from Policy Manual:** *Net-to-Gross (NTG) Ratio means a factor representing net savings divided by gross savings that is applied to gross impacts to convert them into net impacts. The factor itself may be made up of a variety of factors that create differences between gross and net savings, commonly including Free Riders and Spillover. The factor can be estimated and applied separately to either energy or demand savings.*

NTG Update Process

▶ Consensus

- ❖ The goal is to reach consensus on all NTG values for the 2024 program year
- ❖ If the SAG reaches consensus regarding an appropriate NTG value, that value will be used for 2024, even if it differs from the evaluators' initial recommendation

▶ Non-Consensus

- ❖ If consensus on a NTG value cannot be reached by SAG, then the evaluators' final recommended value will be deemed for the upcoming program year
- ❖ In developing the evaluators' final recommended deemed NTG ratios, evaluators review SAG feedback, take into account all comments and discussions, with the intent of making their best estimate of future actual NTG ratio values for the upcoming program year

NTG Policy for Income Eligible Programs

- ▶ For income qualified / income eligible EE programs, the NTG ratio is generally not changed from 1.0
- ▶ Excerpt from Policy Manual:
 - ❖ *There has been general consensus among Illinois stakeholders that the NTG Ratio for most Income Eligible Programs is not likely to be significantly different from 1.0, particularly where the person making the participation decision is the Low Income Customer. Therefore, Evaluators will not perform NTG research for Income Eligible Programs unless the SAG and Income Qualified Advisory Committees consensus concludes that there is value in performing the NTG research. If Evaluators propose NTG research for Income Eligible Programs, discussions will be held with SAG participants on the value in and methods for performing such research and the timing of the application of such research.*

NTG for Disadvantaged Areas Policy

- ▶ The SAG Policy Manual Subcommittee recently reached agreement on new and updated policies for Policy Manual Version 3.0, pending an upcoming submission of the Manual to the ICC for approval
 - ❖ One of the new policies relates to establishing a 1.0 NTG ratio for smaller customers in economically-disadvantaged areas
 - ❖ This new policy is applicable for the 2023 program year
 - ❖ See pages 4-5 of [IQ Policies for Policy Manual](#)

Purpose of NTG Meeting #1

- ▶ Evaluators present initial NTG ratio recommendations for **Ameren Illinois, ComEd, Nicor Gas, Peoples Gas and North Shore Gas**
 - ❖ Evaluators share which recommendations differ from last year and notable research findings
 - ❖ Identify NTG ratios that require further discussion; capture follow-up questions
 - ❖ Opportunity for any party to raise concerns or objections about recommended values

Purpose of NTG Meetings #2, #3, and #4

- ▶ To follow-up on open issues, discuss additional questions, and discuss consensus on NTG ratios
 - ❖ **Meeting #2:** Wednesday, September 13 (10:00 - 12:00)
 - ❖ **Meeting #3:** Wednesday, September 20 (10:00 - 12:00)
 - ❖ **Meeting #4:** Wednesday, September 27 (10:00 - 12:00)

Questions?

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