**Memorandum**

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| To: | Erin Daughton, Kimberly Swan, Elder Calderon, ComEd  Elizabeth Horne, ICC; Celia Johnson, SAG |
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| CC: | Jeff Erickson, Neil Curtis, Charles Ampong, Guidehouse |
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| From: | Mike Frischmann, George Frymire, EcoMetric |
|  |  |
| Date: | April 30, 2025 |
|  |  |
| Re: | ComEd CY2024 Energy Efficiency Programs Economic Impact Reporting |

# Introduction

This memo presents the results of Guidehouse’s analysis of economic and employment impacts produced by ComEd’s CY2024 energy efficiency portfolio and voltage optimization.

The Illinois Climate and Equitable Jobs Act 4 includes an annual deadline of April 30 for the economic and employments impact results. This draft report is based on the draft summary impact evaluation report, cost and other information available at the time of writing. Guidehouse will issue a final economic impact memorandum in June 2025, including final portfolio costs, measure costs, and verified program savings. This analysis was conducted in alignment with Version 3.0 of the Illinois Energy Efficiency Policy Manual[[1]](#footnote-2) (Policy Manual), requiring that each program administrator in Illinois annually report estimates of the economic development and employment impacts of its energy efficiency (EE) programs.

The Economic Impact Assessment methodology used in this analysis (described in the next section) is consistent with that developed by consensus with the Illinois Stakeholder Advisory Group Non-Energy Impacts Working Group and used in the previously submitted CY2018 – CY2023 economic analyses.

# Results

The results from the CY2024 Economic Non-Energy Impact (NEI) analysis indicate that the ComEd energy efficiency portfolio and voltage optimization generated 27,692 job-years[[2]](#footnote-3), $1,899 Million in total labor income, and $7,744 Million in industry output.

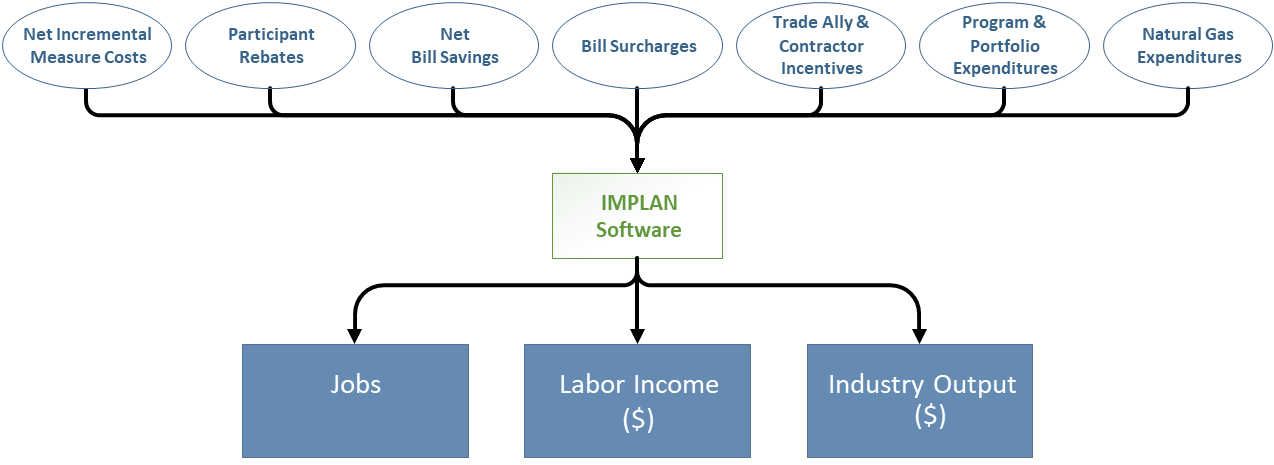
# Process

## Economic Impact Assessment Methodology

The economic impact assessment for ComEd’s EE programs follows a three-step process approved by the Illinois Energy Efficiency Stakeholder Advisory Group Non-Energy Impacts Working Group[[3]](#footnote-4) in November 2019, depicted in Figure 1 and described below:

1. Collect data for the economic activities associated with the energy efficiency programs
2. Use multipliers and ratios from the IMPLAN economic model to estimate the economic impacts of ComEd’s energy efficiency portfolio
3. Analyze the results, including summarizing, comparing, and assessing the economic measures (e.g., industry output, labor income, and jobs)

Figure 1. Economic Impact Assessment Methodology



Source: https://www.ilsag.info/wp-content/uploads/IL\_SAG\_NEI\_Presentation\_06-NOV-2019\_Final.pdf

Following this three-step process, this report provides estimates on how the ComEd energy efficiency programs are forecasted to affect the Illinois economy.

The analysis includes direct effects, indirect effects, and induced demand in the economy. Direct effects are the initial effects in energy supply and energy efficiency related industries due to the ComEd portfolio. They include changes in employment and demand for regional production triggered by the implementation and management of ComEd’s EE programs. Indirect effects are effects from business-to-business purchasing in the supply chain, or changes in spending for households directly impacted by the EE programs. They include increased purchases from program suppliers who must in turn increase purchases from their suppliers and so forth as the initial expenditure ripples through interconnected industries. Induced effects include secondary impacts generated from household to business spending as labor income changes that result from both direct and indirect activity affect the local economy.[[4]](#footnote-5)

The analysis presents economic impacts in terms of job years, labor income, and industry output. Labor income is comprised of employee compensation, including wages and benefits, and proprietor income. Labor income is representative of the total value of all forms of employment income paid throughout the Illinois economy for 2024.[[5]](#footnote-6) Industry output is the total annual production value of each industry; it can be described as business sales or revenues. In terms of retail output and wholesale trade, these industry output values are equal to gross margin or marginal revenue, not total revenue.[[6]](#footnote-7)

## Summary of Input Data

Table 1 presents a summary of input data used for the CY2024 economic and employment impact analysis.

Table 1. Summary of ComEd’s CY2024 Economic and Employment Impact Analysis Input Data

| Impact Category | Amount  ($ Millions) | Description of Impact | Time Period |
| --- | --- | --- | --- |
| Bill Savings | $3,651 | Positive economic effect on ratepayers | 2024-2048 |
| Program Funding | -$436 | Negative economic effect on ratepayers | Over WAML[[7]](#footnote-8) period (Electric: 2024 – 2036) |
| Net Ratepayer Bill Savings | $3,215 | Net economic effect on ratepayers | 2024-2048 |
| Lost Utility Fuel & Transp. Expenditures | -$84 | Negative economic impact on fuel production and transportation | 2024-2048 |
| Incentives and Rebates | $277 | Positive economic effect on ratepayers | 2024 |
| Net Incremental Measure Costs | $333 | Negative economic effect on ratepayers; positive economic effect on retailers and suppliers | 2024 |
| Program Administration Costs | $101 | Positive economic effect from utility spending | 2024 |
| Voltage Optimization (Capital Expenditures) | $58 | Positive economic effect from utility spending | 2024 |

Source: Guidehouse analysis of ComEd CY2024 Data

Each impact category is described in more depth below.

* **Bill Savings:** This category represents the monetized savings that program participants realize from their energy efficiency improvements. Bill savings are monetized by multiplying the net verified savings values[[8]](#footnote-9) by each customers’ applicable unit energy cost.[[9]](#footnote-10) Bill savings are realized through the lifetime of the measure as a positive cash flow to the participants.
* **Program Funding:** This category represents the bill surcharges[[10]](#footnote-11) collected from all ratepayers to fund the utility programs.
* **Net Ratepayer Bill Savings:** This is the net positive bill savings realized by all ratepayers: bill savings less program funding charges.
* **Lost Utility Fuel and Transportation Expenditures:** This category represents decreased expenditures on fuel and transportation (and therefore decreased job creation) due to decreased electric generation as a result of energy efficiency measures.[[11]](#footnote-12)
* **Incentives and Rebates:** These categories represent payments made by the utility to program energy efficiency service providers and contractors as part of the installation of energy efficiency measures in CY2024 and rebate payments made by the utility to program participants in CY2024.[[12]](#footnote-13)
* **Net Incremental Measure Costs:** This category is the sum of all incremental measure costs that program participants expended on energy efficiency projects through ComEd’s portfolio in CY2024. As in verified cost-effectiveness analysis, incremental measure costs used in this analysis are net costs calculated using SAG-approved net-to-gross (NTG) values. From the perspective of the participants, this is a negative cash flow as they expend money implementing a project. From the perspective of contractors, energy efficiency service providers, and distributors this is a positive cash flow as they receive income from sales of energy efficiency products and services.
* **Program Administration Costs:** This category models a positive economic impact generated from utility expenditures on program administration.[[13]](#footnote-14)
* **Voltage Optimization:** **This flow represents utility expenditures on voltage optimization measures; costs are reported** in the year circuits are adjusted for voltage optimization and on an ongoing basis for operations and maintenance.

## Employment Impacts

Table 2 presents a summary of the employment impacts of the CY2024 investments for all programs separated into direct, indirect, and induced effects. Because the programs produce long-term economic impacts as a result of persisting energy savings, employment impacts produced are not confined to a particular year but occur over the 2024-2048 time period.

Table 2. Cumulative 2024-2048 Employment Impacts

|  |  |  |
| --- | --- | --- |
| Impact Type | Job Years (2024-2048) | % Of Total |
| Direct | 6,678 | 24% |
| Indirect | 2,448 | 9% |
| Induced | 18,566 | 67% |
| **Total** | 27,692 | 100% |

*Note: Totals may not align due to rounding*

Source: Guidehouse analysis of ComEd CY2024 tracking data

For the CY2024 report, economic impacts of ComEd’s EE programs (including employment impacts) are reported cumulatively for the entire state of Illinois. For impacts over time, the trend identified in previous years — expected to hold for this iteration as well — show large spikes in the initial program year triggered by the implementation and management of ComEd’s energy efficiency programs, including, but not limited to, program incentives, administrative spending, and incremental measure spending. The impacts beyond the given calendar year are derived almost entirely from net ratepayer bill savings generated from ComEd’s energy efficiency programs. These impacts persist over a similar period as the cumulative persisting annual savings (CPAS) produced by the ComEd energy efficiency portfolio.

## Labor Income and Industry Output

Table 3 presents a summary of the cumulative industry labor income and industry output impacts from all CY2024 sectors (from 2024 to 2048).

Table 3. Cumulative 2024-2048 Industry Labor Income and Industry Output Impacts

|  |  |  |
| --- | --- | --- |
| Impact Type | Labor Income  ($ Millions) | Industry Output  ($ Millions) |
| Direct | $474 | $1,287 |
| Indirect | $211 | $624 |
| Induced | $1,214 | $5,833 |
| **Total** | **$1,899** | **$7,744** |

*Note: Totals may not align due to rounding*

Source: Guidehouse analysis of ComEd CY2024 tracking data

Figure 2 breaks down labor income and industry output impact estimates further. It presents the direct, indirect, and induced impacts associated with labor income and industry output from all CY2024 ComEd sectors. The figure segments these impacts into two categories:

1. Program spending and program-induced spending (incentives, rebates, net incremental costs, program administration, fuel/transportation expenditures etc.) during CY2024, and
2. Net ratepayer bill savings (from 2024-2048).

Figure 2. ComEd CY2024 Labor Income and Industry Output Impacts 2024-2048)



*Source: Guidehouse analysis of ComEd CY2024 Data*

## Combined Results

Figure 3 provides the CY2024 cumulative economic impacts for all sectors, estimated at the state level.

Employment impacts are long-term effects and not confined to a particular year; job-years represent the cumulative employment impacts.

Figure 3: Estimate of Cumulative Economic Impacts (2024-2048)



**Employment:**

27,692Job Years

**Labor Income:**

$1,899 M

**Industry Output:** $7,744 M

Source: Guidehouse analysis of ComEd CY2024 Data

Table 4 and Table 5 provide cumulative economic impacts and employment impacts in a format similar to previous analyses for the purpose of comparison.

Table 4. ComEd CY2024 Energy Efficiency Portfolio Cumulative Economic Impacts (2024-2048)

| Time Period | Impact Type | Job Years | Labor Income  ($ Millions) | Industry Output  ($ Millions) |
| --- | --- | --- | --- | --- |
| 2024 – 2048 | Direct | 6,678 | $474 | $1,287 |
| 2024– 2048 | Indirect | 2,448 | $211 | $624 |
| 2024 – 2048 | Induced | 18,566 | $1,214 | $5,833 |
| **2024 – 2048** | **Total** | **27,692** | **$1,899** | **$7,744** |
| 2023 – 2047 | Direct | 5,630 | $398 | $1,147 |
| 2023 – 2047 | Indirect | 2,066 | $181 | $543 |
| 2023 – 2047 | Induced | 11,020 | $720 | $3,338 |
| **2023 – 2047** | **Total** | **18,715** | **$1,300** | **$5,028** |
| 2022 – 2046 | Direct | 6,228 | $42 | $1,180 |
| 2022 – 2046 | Indirect | 2,178 | $18 | $556 |
| 2022 – 2046 | Induced | 8,049 | $52 | $2,310 |
| **2022 – 2046** | **Total** | **16,454** | **$1,140** | **$4,050** |
| 2021 – 2045 | Direct | 7,757 | $479 | $1,400 |
| 2021 – 2045 | Indirect | 3,114 | $222 | $619 |
| 2021 – 2045 | Induced | 9,309 | $503 | $2,020 |
| **2021 – 2045** | **Total** | **20,180** | **$1,210** | **$4,040** |
| 2020 – 2044 | Direct | 7,823 | $484 | $1,410 |
| 2020 – 2044 | Indirect | 3,145 | $224 | $623 |
| 2020 – 2044 | Induced | 9,278 | $501 | $2,010 |
| **2020 – 2044** | **Total** | **20,246** | **$1,210** | **$4,040** |
| 2019 – 2043 | Direct | 6,583 | $414 | $1,230 |
| 2019 – 2043 | Indirect | 2,706 | $195 | $549 |
| 2019 – 2043 | Induced | 7,458 | $403 | $1,590 |
| **2019 – 2043** | **Total** | **16,747** | **$1,010** | **$3,370** |
| 2018 – 2042 | Direct | 5,562 | $340 | $965 |
| 2018 – 2042 | Indirect | 2,241 | $161 | $452 |
| 2018 – 2042 | Induced | 6,904 | $375 | $1530 |
| **2018 – 2042** | **Total** | **14,707** | **$876** | **$2,940** |

*Source: Guidehouse analysis of ComEd CY2024 Data*

Table 5. ComEd Energy Efficiency Portfolio Economic Impacts by

Periods (CY2018-CY2024)

| Time Period | Impact Type | Job Years | Labor Income  ($ Millions) | Industry Output  ($ Millions) |
| --- | --- | --- | --- | --- |
| 2018 – 2042 | Total | 14,707 | $876 | $2,940 |
| 2019 – 2043 | Total | 16,747 | $1,010 | $3,370 |
| 2020 – 2044 | Total | 20,246 | $1,210 | $4,040 |
| 2021 – 2045 | Total | 20,180 | $1,210 | $4,040 |
| 2022 – 2046 | Total | 16,454 | $1,140 | $4,050 |
| 2023 – 2047 | Total | 18,715 | $1,300 | $5,030 |
| 2024 – ­2048 | Total | 27,692 | $1,900 | $7,740 |

*Source: Guidehouse analysis of ComEd CY2024 Data*

1. [IL\_EE\_Policy\_Manual\_Version\_3.0\_Final\_11-3-2023.pdf (ilsag.info)](https://www.ilsag.info/wp-content/uploads/IL_EE_Policy_Manual_Version_3.0_Final_11-3-2023.pdf) [↑](#footnote-ref-2)
2. Job years are a headcount of industry-specific mix of full-time, part-time, and seasonal employment jobs for one year, simply put, one job for one year is one “job year”. https://support.implan.com/hc/en-us/articles/360044986593-Glossary [↑](#footnote-ref-3)
3. https://www.ilsag.info/wp-content/uploads/IL\_SAG\_NEI\_Presentation\_06-NOV-2019\_Final.pdf [↑](#footnote-ref-4)
4. Direct, indirect, and induced effects are defined more fully in Section 6.7 of the Illinois Energy Efficiency Policy Manual Version 3.0. [↑](#footnote-ref-5)
5. https://support.implan.com/hc/en-us/articles/360024509374-Understanding-Labor-Income-LI-Employee-Compensation-EC-and-Proprietor-Income-PI- [↑](#footnote-ref-6)
6. https://support.implan.com/hc/en-us/articles/360044986593-Glossary [↑](#footnote-ref-7)
7. WAML refers to weighted average measure life; the measure life for each program is based on the measure life of each measure weighted proportionally to its net savings contribution to that particular program. [↑](#footnote-ref-8)
8. Net verified savings are the electricity, gas, and water savings presented in the ComEd CY2024 Summary Report Tables 2024-04-28. [↑](#footnote-ref-9)
9. The relevant cost per unit for electricity, gas, and water (e.g., kWh, therms, and gallons) supplied by ComEd in April 2025. [↑](#footnote-ref-10)
10. Bill surcharges for CY2024 consist of Program Administration, Sector and Portfolio Administration and Incentives/Rebates costs. [↑](#footnote-ref-11)
11. The sum of avoided electric and gas fuel purchases in Illinois was calculated using estimated shares of revenues spent on fuel and transportation costs by the power generation sector in Illinois [↑](#footnote-ref-12)
12. Incentives and rebates for CY2024 were determined using data provided by ComEd in April 2025. [↑](#footnote-ref-13)
13. Program administration costs were based on program, sector, and portfolio cost data provided by ComEd. [↑](#footnote-ref-14)