



JUNE 8, 2026

# Guidehouse DAC Approach

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Guidehouse


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# Guidehouse DAC Policy Approach Remains the Same

Guidehouse continues to follow the DAC approach previously shared in July 2024 and our subsequent February 2025 DAC Policy memo.






**To:** Erin Daughton, Kim Brown, ComEd  
 Randy Chodke, Nicor Gas  
 Erin Stitz, Applied Energy Group (for Peoples Gas/North Shore Gas)  
**CC:** Elizabeth Horne, David Brightwell, ICC Staff  
 Neil Curtis, Nishant Mehta, Charles Ampong, Guidehouse  
 Zach Ross, ODC  
**From:** Christopher Fiye, Jeff Erickson, Laura Agapay-Read, Guidehouse  
**Date:** February 14, 2025  
**Re:** NTG Disadvantaged Areas Policy Operation and Approach

**1. Introduction**  
 This memo describes how Guidehouse will implement the addition to the Illinois Energy Efficiency Policy Manual (hereafter "Policy Manual"), Version 3.0, of Section 7.4 on the Net-to-Gross (NTG) ratio to be used for "economically-disadvantaged areas", which are defined as "disadvantaged neighborhoods" and "disadvantaged municipalities". There are nuances for how the evaluation will implement this policy that need to be spelled out for all to see.  
 This memo contains the following sections:  

- A discussion of sampling for NTG surveys given the policy
- The Proposed Policy Application: Program Tracking Data section provides our considerations associated with the collection of specific program tracking data to ensure correct application of this policy.
- The Proposed Policy Application by Sector & Premise Location section provides information on how this policy will be applied based on various scenarios.
- Appendices provide a list of applicable programs and program tracking zip code or census tract availability (depending on utility), and the policy itself, as included in the latest Policy Manual (Appendix D).

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NTG Disadvantaged Areas Policy Operation & Approach

**2. Change Log**

Date Released	Change Description
11/15/2023	Original Memo
12/14/2023	Response to comments
1/05/2024	Minor revisions
3/18/2024	Revised Midstream/Upstream Section
8/21/2024	Add Business new construction, flow chart
10/14/2024	Section on sampling, minor edits
12/20/2024	Distinguish between "disadvantaged neighborhood" and "disadvantaged municipality" in the approach. Removed some superfluous text.
2/14/2025	Added flow charts and clarified treatment of public sector customers in section 5. Determined that the treatment of non-residential midstream programs should be consistent with other non-residential programs and therefore eliminated the midstream section. Various minor clarifications and simplifications.

**3. Sampling for Net-to-Gross Research**

Pursuant to Section 7.4 of the Policy Manual, which states the following (emphasis added):  
*"It is expected that, though Customers in disadvantaged areas are currently underrepresented in evaluation research due to lower participation levels, going forward, this policy will require that research to establish NTG ratios for Program activity explicitly sample Customers in non-disadvantaged areas. Any NTG research targeting Customers in disadvantaged areas will fall under Section 7.3 of the Policy Manual."*

Our interpretation of the bold section above is that research that establishes NTG ratios for Program activity explicitly exclude from the sample Customers in disadvantaged areas. This policy directive ensures our researched NTG value is appropriate for participants who are NOT in disadvantaged areas. The participants residing in a disadvantaged neighborhood<sup>2</sup> will receive a NTG of 1.0. General delivery service municipal, public school and local government customers in disadvantaged municipalities will receive a NTG of 1.0. The participants outside these areas need to have their NTG value informed by research and therefore the sample employed to create that NTG value must be appropriate and only representative of those outside disadvantaged areas. The program-level free ridership value will be somewhere between 1.0 and the researched free ridership value.

**4. Proposed Policy Application: Program Tracking Data**

The following provides our assumptions on data Guidehouse will receive from ComEd, Nicor Gas, and Peoples Gas/North Shore Gas with final end-of-year data delivery (or sooner).

<sup>1</sup> Section 7.3: NTG Ratio for Income Eligible Programs.  
<sup>2</sup> With the added requirement of meeting rate or annual consumption eligibility among business customers.

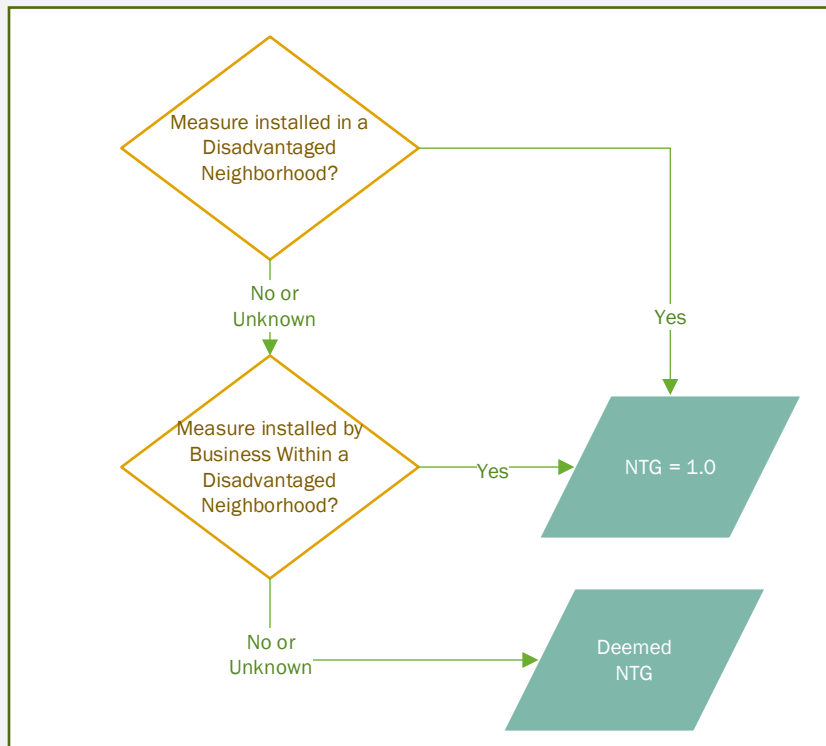
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# General Guidehouse Approach

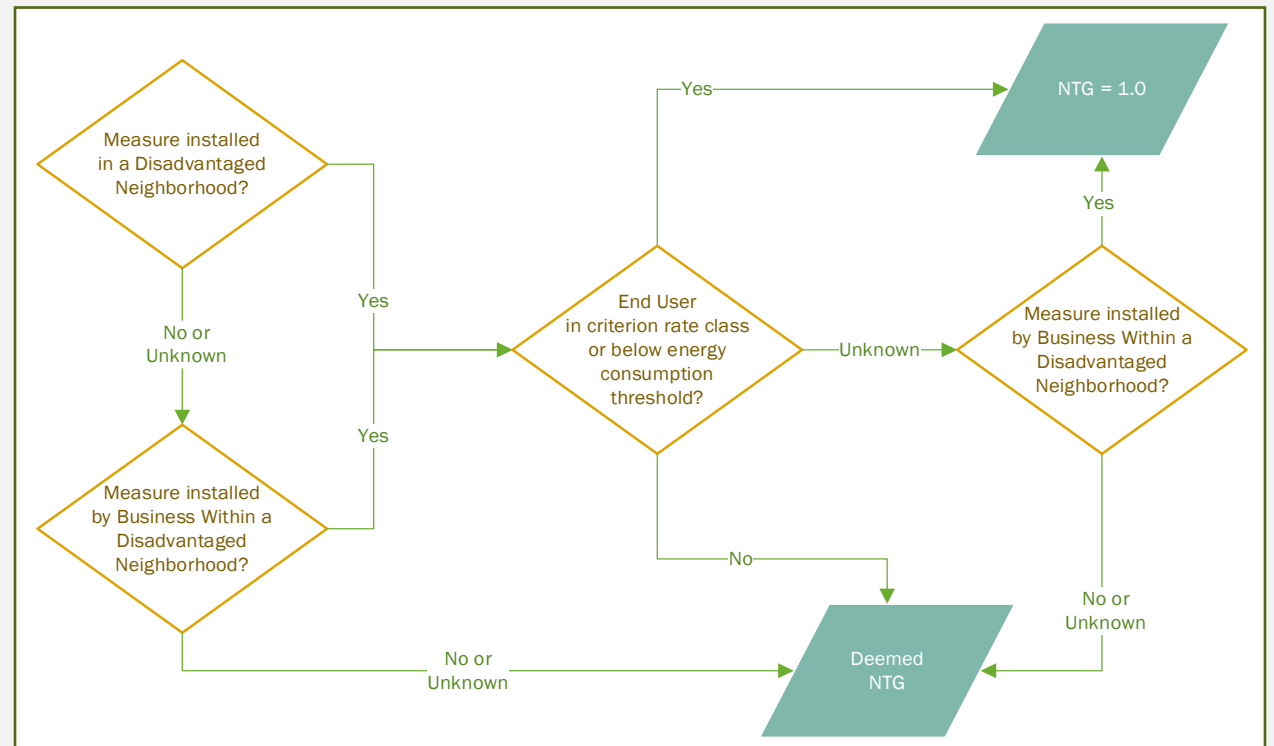
For contractors and distributors selling products or services through a business midstream or upstream program, if either the contractor or distributor is located in a DAC-designated area, all resulting projects will get a NTG of 1.0.\*

Application:

**Figure 1. Residential Decision Tree**



**Figure 2. Nonresidential Decision Tree**



# Summary of Guidehouse Approach

Sector	PREMISE LOCATION OF INSTALLED MEASURE		
	Within a DAC	Outside a DAC	Unknown
<b>Residential Customers</b>			
Measure supplied by business <b>located inside</b> a disadvantaged neighborhood	NTG 1.0	NTG 1.0	NTG 1.0
Measure supplied by business <b>located outside</b> a disadvantaged neighborhood or ‘unknown’	NTG 1.0	Deemed NTG	Deemed NTG
<b>Non-Residential Customers †</b>			
End-user meets eligibility criteria ‡	NTG 1.0	See next rows	See next rows
Measure supplied by business <b>located within</b> a disadvantaged neighborhood AND end-user meets eligibility criteria ‡	NTG 1.0	NTG 1.0	NTG 1.0
Measure supplied by business <b>located within</b> a disadvantaged neighborhood AND do not have end user’s rate class	NTG 1.0	NTG 1.0	NTG 1.0
Otherwise	Deemed NTG	Deemed NTG	Deemed NTG

† Includes public and private customers.

‡ ComEd: Either Small Load Delivery Class (<100 kW) or Annual Consumption of <750,000 kWh/year;  
 Nicor Gas and Peoples Gas/North Shore Gas: Annual Consumption of <35,000 therms/year.

Jointly utility delivery, eligibility based on meeting either electric or gas thresholds. For non-residential new construction programs, we use the area threshold for the criteria of eligibility detailed in App. E.

# Policy Interpretation



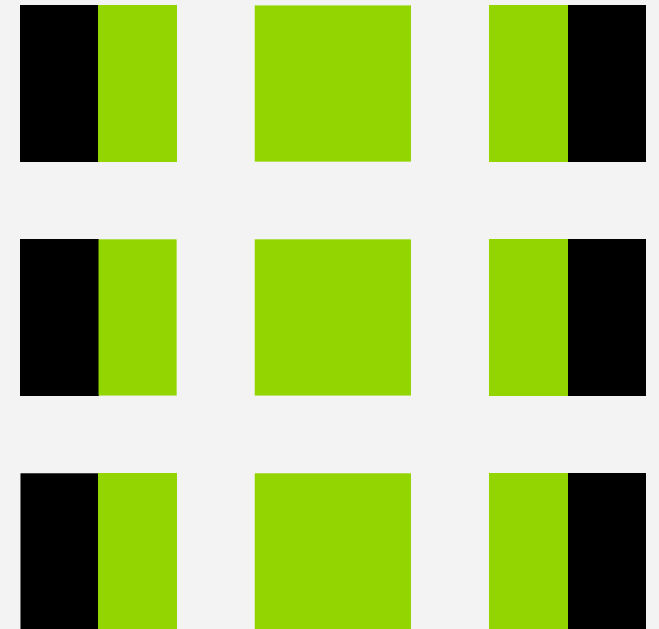
The policy states an advantage of "creating greater incentives for Program Administrators to target delivery of their Energy Efficiency programs to economically disadvantaged areas"



Recognizing a utility's investment in DAC-based businesses that provide energy-efficient products to customers is a reasonable and practical way to reflect the policy's intent in cases where end-use locations are not fully observable.

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# Thank You





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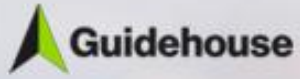
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# Appendix

Background slides from the July 2024 DAC Presentation



# Impact of the DAC NTG Policy on ComEd, Nicor Gas, Peoples Gas and North Shore Gas

SAG Meeting July 17, 2024

# How ComEd Tracks DAC NTG-relevant Data (1/2)

How do the utilities track and monitor data that allows evaluation to identify installed measures affected by the DAC NTG policy?

## For most programs

- Program tracking data includes, at a minimum, the zip code of the end user where the equipment was installed.
- **Residential Market Rate Programs:** The evaluation uses tracking data zip codes and ComEd’s zip code list created by Elevate, to flag, project-by-project, whether projects are in or out of the DAC zip codes.
- **Residential IE Programs**
  - Most IE programs use a deemed 1.0 NTG ratio, as such the DAC policy is not applied by evaluation
  - Retail / Online Program IE Lighting uses a NTG ratio less than 1.0. Evaluation applies the DAC policy to retailers located in DAC identified zip codes.
- **For Business Programs**
  - For all projects, evaluation uses tracking data zip codes and ComEd’s zip code list to identify projects that are in or out of the DAC zip codes.
  - Additionally, for private projects, ComEd provides a field in the tracking data called “Delivery Service Class/Customer Class” to identify small load delivery class projects (< 100kW).

# How ComEd Tracks DAC NTG-relevant Data (2/2)

How do the utilities track and monitor data that allows evaluation to identify installed measures affected by the DAC NTG policy?

## For some programs

- The tracking data cannot contain, by the nature of the program, specific customer information. e.g., Home Energy Reports (HER), Voltage Optimization.
- For HER, net savings are a natural outcome of the analysis. There is no NTG ratio to be applied.
- For Voltage Optimization, the NTG ratio is deemed at 1.0.
- For Building Operator Certification, the savings information referenced in the TRM is net. Therefore, this measure does not require the additional application of a NTG ratio.
- For Business New Construction, no delivery service class, customer class, or energy usage information is available. Building type (e.g. office, retail, etc.) and building area is used as a proxy for energy consumption using typical energy intensity values for code-compliant buildings. Public sector buildings are assigned a NTG of 1.0.
- For contractors and distributors selling products or services through a business midstream or upstream program, if either the contractor or distributor is located in a DAC-designated area, all resulting projects will get a NTG of 1.0.
  - If the contractor or distributor is NOT located in a DAC-designated area, we would use recipient zip code and rate class and will assume the recipient is the end user (not contractor).
  - If the tracking data indicates the recipient is a general delivery service municipal, public school or local government customer, we will not use the rate class in the NTG criteria.

# ComEd Business Midstream/Upstream Program

Midstream and Upstream programs, broadly speaking, are energy efficiency programs in which the incentives are not provided directly to the end user.

- For contractors and distributors selling products or services through a business midstream or upstream program, if either the contractor or distributor is located in a DAC-designated area, all resulting projects will get a NTG of 1.0.
- If the contractor or distributor is NOT located in a DAC-designated area, then the following decision processes would apply to determine the appropriate NTG value. “Information” in this context would include location and rate class (as applicable for non-residential programs).
  - If the tracking data has the recipient zip code or census tract and not their rate class: NTG = regular program or measure-level NTG value.
  - If the tracking data has both the recipient zip code or census tract and the rate class we will assume the recipient is the end user (not the contractor)
    - If the zip code or census tract is in a DAC area **and** the rate class meets the conditions stated in the policy for the project, then NTG = 1.0.
    - If the zip code or census tract is NOT in a DAC area **OR** the rate class does not meet the conditions stated in the policy for the project, then NTG = regular program or measure-level NTG value.
  - If the tracking data indicates the recipient is a general delivery service municipal, public school or local government customer, we will not use the rate class in the NTG criteria.
    - If the zip code or census tract is in a DAC area, then NTG = 1.0.
    - If the zip code or census tract is NOT in a DAC area, then NTG = regular program or measure-level NTG value.

# ComEd Business New Construction DAC Size Criteria

For Business New Construction program, NTG surveys are completed prior to building construction and/or occupancy. Therefore, the delivery service class and energy consumption for the site is not known.

- The energy use for the building is estimated based on the building use type and the building area.
- Electric and natural gas energy consumption per square foot was calculated using sixteen prototypical buildings modeled for IECC 2021 compliance in ASHRAE climate zone 5A (Chicago)
  - Similar building types (e.g. Small office, medium office, and large office) were averaged together, resulting in eight building type categories
- Building size thresholds were calculated for each building type category as the area require to exceed either an electric usage of 750,000 kWh or a natural gas usage of 35,000 therms
- The size threshold was set to zero for refrigerated warehouse and industrial buildings, as these are all expected to exceed the DAC usage thresholds
- Buildings not meeting any defined building type are classified as "other" with the size threshold being set as the average of the other building types, less industrial.

Building Type	Area Threshold (sq. ft.)
Office	85,000
Retail	90,000
Education	90,000
Medical	40,000
Lodging	75,000
Warehouse (non-refrigerated)	275,000
Refrigerated Warehouse	0
Food Service	10,000
Multifamily Residential	90,000
Industrial	0
Other	85,000

# How Nicor Gas and PGL/NSG Track DAC NTG-relevant Data

How do the utilities track and monitor data that allows evaluation to identify installed measures affected by the DAC NTG policy?

- Program tracking data includes, at a minimum, the zip code of the end user where the equipment was installed. Include a field with census tract designation and a field with Yes/No if a project is in DAC area
- **Residential Market Rate Programs:** The evaluation uses Nicor Gas and PGL/NSG census tract IDs provided in the tracking data or flag, project-by-project, whether projects are in or out of the DAC zip codes.
  - Nicor Gas Home Energy Report program net savings are a natural outcome of the analysis. There is no NTG ratio to be applied.
- **Residential IE Programs:** IE programs use a deemed 1.0 NTG ratio, as such the DAC policy is not applied by evaluation

# How Nicor Gas and PGL/NSG Tracks DAC NTG-relevant Data

Continued

- For **Business Programs**:
  - For all projects, evaluation use program tracking data census tract designation, a list of projects with Usage <35k Therms, and a field with Yes/No if a project is in DAC area and eligible for NTG of 1.0
  - For municipal, general service, and public projects, Nicor Gas and PGL/NSG provide additional field designating the DAC municipalities and DAC project.
  - Use Trade Ally location for determining DAC eligibility for the Statewide Midstream CFS program. Lookup the TA address and check for eligibility via the Illinois Solar for All website.
  - Nicor Gas Building Operator Certification, the savings information referenced in the TRM is net. Therefore, this measure does not require the additional application of a NTG ratio.
- For **joint utility programs**, zip code and ComEd rate class or gas utility therms usage is used to determine DAC eligibility and get a NTG of 1.0. If a project qualifies as DAC for one utility criteria, it qualifies for all utilities (e.g. NRNC, RCx, MF-MR).
- For **Business New Construction**, no delivery service class, customer class, or energy usage information is available. Building type (e.g. office, retail, etc.) and building area is used as a proxy for energy consumption using typical energy intensity values for code-compliant buildings. Public sector buildings are assigned a NTG of 1.0.