

Illinois Energy Efficiency Stakeholder Advisory Group

2024 SAG Portfolio Planning Process
IQ South EE Committee Leadership Team EE Idea Submittal:
Increase and Support Diverse Contractors

1. Submitter Contact Information

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2. **Description and Rationale:** Describe the proposed EE Idea and rationale for submission. Explain why this idea is needed and what main objectives the implementation of the idea would accomplish. Describe whether this is an idea that could be implemented in an existing EE program, or whether the idea involves establishing a new program. Please indicate whether additional research may be required before implementation.

Questions to consider:

- *What issue will this proposed energy efficiency idea resolve?*
- *Will the proposed change increase participation and result in increased energy savings?*
- *Will this reduce costs? Will this increase customer satisfaction?*
- *Will this help achieve statutory energy savings goals?*
- *Does the idea make EE portfolios more equitable?*
- *Would this idea require shifting budgets or resources? If so, where should the budget be shifted from?*

The IQ-S Increasing Diverse Contractors Subcommittee is proposing a Program Proposal for Increasing the Number of Diverse Contractors for the 2026 -2029 utility portfolios so that the amount of funding received by diverse contractors, in all program areas (not limited to IQ and/or residential programs) is proportionate to the diverse population in IL. The purpose of the Program would be to continue supporting and growing diverse businesses in energy efficiency who are interested in becoming implementers, Program Allies and/or portfolio/program support contractors. The goal of the Subcommittee would be a Program that's aim is to help locate, create ease of access, and ultimately increase the number of diverse contractors by easing the barriers to entry for the contractors, implementers and support contractors and provide ongoing support and mentoring, as appropriate.

All utilities are currently engaged in supporting the increase of diverse contractors and businesses. The program proposal is to continue efforts until the funds received by diverse contractors, including implementation contractors and support services as well as program allies, matches the population diversity of the State of IL, which as of the 2020 Census was 14% Black, 18% Latinx, and 5% Asian.

The proposed idea will expand and extend current efforts to increase the diversity of the energy efficiency workforce and make the EE portfolios more equitable.

The proposed expansion and extension of current efforts would entail surveying diverse businesses that currently conduct business on the EE portfolios, understanding successes and pain points, and then consulting with the IQ Committees to enhance support and reduce barriers.

Finally, the IQ-S Increasing Diverse Contractors Subcommittee proposes the following high-level recommendations to guide the goal of Increasing the Number of Diverse Contractors for the 2026 – 2029 utility portfolios. These recommendations are formed from direct feedback and communication with the IQ-S Increasing Diverse Contractors Subcommittee Members:

- **Funding:** The percent of funds allocated to diverse contractors should equal the percent of diverse citizens in the service territory
 - Funding allocated to diverse contractors needs to be cognizant of poverty index indicators as well
- **Geographic Coverage:** Increase the geographic coverage of diverse contractors to build capacity across the service territory.
- **Additional Support (Training and Hiring):** Ensure contractors from economically challenged communities have support for training and hiring under-employed residents in disadvantaged communities.
- **Additional Support (Accessing Opportunities + Recertification):** Provide support for training, hiring, access and awareness for opportunities. Ensure that all certification programs also offer recertification support. Support needs to be wholistic and ongoing.

Additional Considerations:

- Many high performing contractors can't find sufficient work to do it full-time. This creates a difficult balancing act for the contractors to manage, especially when trying to successfully launch their own contracting business.
- Insurance coverage can be challenging to obtain due to a lack of consistent work. Demonstrating contractors have an ongoing concern which warrants insurance creates friction with insurance providers and small contractors seeking insurance. Without insurance, contractors are often excluded from bidding on contracts.
- A lack of contractors that look like the community served creates tension and apprehension for both customers and contractors. It is important that communities are being serviced by communities and that customers and contractors alike feel comfortable.
- DE&I – Some communities have more impoverished people than diversity – the program needs to look at poverty index indicators as well when determining the need for additional support and resources for developing diverse contractors.

3. Illinois Utility Impacted: Identify which utilities are impacted by the proposed EE Idea:

Check	Illinois Utility Impacted
<input type="checkbox"/>	Ameren Illinois
<input type="checkbox"/>	ComEd
<input type="checkbox"/>	Nicor Gas
<input type="checkbox"/>	Peoples Gas & North Shore Gas
<input checked="" type="checkbox"/>	All Illinois Utilities

4. Energy Efficiency Sector: Identify which sector(s) the proposed EE Idea applies to:

Check	Energy Efficiency Sector
<input checked="" type="checkbox"/>	Residential Customers – Single Family (non-income qualified/income eligible)
<input checked="" type="checkbox"/>	Residential Customers – Multifamily (non-income qualified/income eligible)
<input checked="" type="checkbox"/>	Residential Customers – Single Family Income Qualified/Income Eligible
<input checked="" type="checkbox"/>	Residential Customers – Multifamily Income Qualified/Income Eligible
<input checked="" type="checkbox"/>	Small Business Customers (commercial & industrial sector)
<input checked="" type="checkbox"/>	Medium/Large Business Customers (commercial & industrial sector)
<input checked="" type="checkbox"/>	Research & development, emerging technologies, or market transformation
<input type="checkbox"/>	Other (market development initiatives, Trade Ally support, reporting, etc.)

5. **Background:** Describe where the EE Idea originated from, including whether this idea has been successfully implemented in other jurisdiction(s). Provide specific background information that will help utilities and SAG participants understand the proposed idea.

Questions to consider:

- *If this idea has been successfully implemented outside Illinois, do you have information on eligible customers, participation achieved, and/or savings achieved?*
- *Are reports available describing the successful idea / program approach?*

To understand current success of utility efforts, it will be important to have a baseline understanding of which Program Allies, implementers and other support services are diverse, where they are located, and how much of the funds they are receiving in each program area, including but not limited to residential (IQ and market rate) programs. The overall goal should be to have a clear plan to increase equity and diversity to match IL’s diverse population in the next portfolio cycle, and that funding is stable over time once equity and diversity goals are achieved.

Diverse Contractors have historically faced many barriers to doing business, such as a lack of access to capital, perceptions of lacking experience, lack of knowledge regarding utility contracting processes and the Program Ally registration process, discrimination from general contractors, and other misperceptions. More information on these barriers can be found below. These barriers have been identified by directly interviewing diverse contractors and by referencing already available research on workforce diversity.

While diverse contractors face many barriers to doing business, their inclusion in the EE portfolio has many notable benefits. Benefits include Promoting economic growth, enhancing innovation, improving competition, reducing discrimination, better reflecting the customer base, strengthening community ties, adherence to diverse contracting regulation, expanding market access, boosting employee morale, and long-term viability for businesses. More information on these benefits can be found below based on research conducted by Deondre Rutues.

Barriers facing Diverse Contractors:

- **Lack of access to capital:** Diverse businesses are often less likely to have access to capital than non-diverse businesses. This can make it difficult for them to obtain loans, which can hinder their ability to grow and expand.
- **Lack of experience:** A misperception may be that minority-owned businesses may have less experience in the construction industry than non-minority-owned businesses. This perceived

lack of experience can make it difficult for them to participate in utility programs, which often require a certain level of experience.

- **Lack of knowledge about utility contracting processes and Program Ally registration processes:** The utility contracting process can be complex and difficult to navigate. Increasingly rigorous cybersecurity requirements can be difficult for small businesses to meet. Minority-owned businesses may not be familiar with the utility contracting processes and/or registration process for becoming Ameren IL Program Allies.
- **Discrimination/Lack of Connections:** Diverse businesses may face discrimination from general contractors and other businesses. This can make it difficult for them to get contracts and to compete on an equal footing.
- **Misperceptions:** There are some misperceptions about minority-owned businesses, such that they are not as capable or reliable as non-minority-owned businesses. These misperceptions can make it difficult for minority-owned businesses to get work and/or to extend their businesses to serve new markets.

Benefits of Identifying, Recruiting, and Supporting Diverse Contractors:

- **Promotes Economic Growth:** A more diverse contractor pool means that resources and opportunities are distributed more widely, leading to increased economic growth. Diverse contractors contribute to job creation, innovation, and economic development in underrepresented populations and communities.
- **Enhances Innovation:** Diverse perspectives often lead to more creative solutions and innovative approaches. When you have a diverse set of contractors, you're more likely to see a wider range of ideas and problem-solving strategies.
- **Improves Competition:** A more diverse group of contractors fosters healthy competition, which can lead to better-quality products and services and more competitive pricing. This benefits consumers and the industry as a whole.
- **Reduces Discrimination:** Increasing diversity can help reduce discrimination and promote fair treatment within the business ecosystem. It sends a message that opportunities are available to all, regardless of their race, ethnicity and/or background.
- **Better Reflects the Customer Base:** If the Program Ally pool is diverse, they are more likely to understand and cater to a diverse customer base. This can lead to better customer satisfaction and loyalty.
- **Strengthens Community Ties:** Supporting minority-owned businesses can strengthen ties between companies and the communities they operate in, leading to a positive impact on corporate social responsibility and reputation.
- **Compliance with Regulations:** In many regions, there are regulations and policies that encourage or mandate diversity in contracting, and by increasing diverse contractor participation, businesses can ensure they comply with guidelines and requirements.
- **Expands Market Access:** Having diverse contractors opens new markets and business opportunities for the contractor pool that has historically been neglected or overlooked. Minority-owned businesses may have connections and access to markets that majority-owned businesses do not, ensuring “efficiency for all.”

- **Boosts Employee Morale:** A commitment to diversity and inclusion can boost employee morale and engagement. Employees are often more satisfied when they see their organization taking steps to promote fairness and equity.
- **Long-Term Viability:** Embracing diversity is seen as a key factor in a company's long-term success. As societies become more diverse, businesses that can adapt and thrive in diverse environments are more likely to endure.

6. **References:** If any additional information will be useful to Illinois utilities and SAG participants in reviewing the EE Idea, please provide a description and links or attachment(s) to the source of information.

See Appendix

7. **Optional Additional Information:**

- Estimated Budget:** Provide the total estimated budget for each program year (2026 – 2029). Utilities should each estimate what activities and associated budget are needed to achieve parity in funding for diverse businesses, including program allies, implementers, and support services.
- Estimated Participation:** Provide participation totals for each program year (i.e. number of measures installed, number of customer participants, etc.)
- Estimated Savings:** Provide estimated savings for each program year (i.e. total numbers of therms for gas EE programs; total number of kWh for electric EE programs).

8. **Presenting to SAG:** EE Idea submittals will be presented to SAG in April. The SAG Facilitator is reviewing whether to schedule one of the April SAG meetings in-person. Are you interested in presenting this proposed EE Idea in-person?

Check	Are you interested in presenting to SAG in-person?
<input checked="" type="checkbox"/>	Yes
<input type="checkbox"/>	No

9. Appendix

a. Appendix 1.0: Diverse Contractors Literature Review

Literature Review for IQ-S Subcommittee on Diverse Contractors

Deondre Rutues

October 1, 2023, ver. 1.0

I. Overview

This literature review summarizes documents the facilitation team identified relating to diverse contractors.

II. Short Summary of Diverse Contractor Literature

Supplier Diversity Policy Session

The Illinois Commerce Commission (ICC) hosts annual sessions on diversity and inclusion, with particular focus on efforts to increase and support diverse suppliers. by IL utilities. Senator Sandoval emphasizes the need for reform and programs to create economic opportunities for underrepresented groups such as people of color, women, veterans, and LGBTQ individuals in public utilities like gas, electric, and water companies. He calls for uniform reporting standards, greater clarity on what constitutes professional services, and precise data on the utilization of diverse suppliers. The Senator also highlights the importance of auditing and reporting inconsistencies in diversity efforts by the Illinois Commerce Commission (ICC).

Several representatives from utility companies, including Peoples Gas, Ameren IL, and Nicor Gas, shared their experiences and commitment to supplier diversity. They emphasized the strategic importance of supplier diversity and its positive impact on business. These companies have significantly increased their spending with diverse suppliers, focusing on job creation and economic growth. The session report underscored the importance of leadership commitment, both within companies and regulatory bodies like the ICC, in driving diversity and inclusion efforts in the utilities sector, and highlights efforts to measure and incentivize diversity in billing hours at law firms and in financial services. Overall, the article addresses the multifaceted challenges and progress made in promoting diversity and inclusion in the utilities industry, with an emphasis on economic empowerment and equitable opportunities.

Workforce Diversity in the Illinois Energy Efficiency Industry

The document discusses the evolving focus of low-income energy efficiency (EE) programs, which have shifted from primarily aiming for energy and monetary savings to now emphasizing the equitable distribution of EE opportunities. In 2015, Illinois water and energy utilities formed the Illinois Utilities Business Diversity Council (IUBDC) to exchange best practices in promoting diverse business utilization. The passage of the Future Energy Jobs Act (FEJA) made it mandatory for state utilities to report supplier diversity metrics to the Illinois Commerce Commission (ICC) annually. Substantial progress has been made in addressing supplier and workforce diversity issues, with initiatives extending to Income Qualified North and South Committees, which engaged with various stakeholders and community-based organizations.

The document serves as a summary of the work conducted by the IQ Committees, research on the business case for workforce diversity, existing state policies and initiatives supporting diversity, accomplishments by utilities in this regard, and suggestions for improving diverse supplier participation in utility procurement processes. It underscores the importance of direct outreach to diverse suppliers and highlights insights and

recommendations gathered from diverse supplier input and IQ Committee meetings with a focus on supplier diversity.

Women, Black, and Hispanic/Latino Workers Underrepresented in US Clean Energy

A new employment report emphasizes the need for Congress to allocate funding to promote diversity in the clean energy sector as it considers a substantial investment in clean energy transition. The report, titled "Help Wanted: Diversity in Clean Energy," reveals that a significant majority of clean energy workers in the United States are non-Hispanic whites (about 60%) and male (over 70%). Conversely, Black and Hispanic or Latino workers are underrepresented compared to national averages, and women hold less than 30% of clean energy jobs in almost all states.

The study, conducted by BW Research Partnership in collaboration with various organizations, provides state-specific data and occupation-specific insights into clean energy employment. It recommends policy measures for both Congress and state lawmakers, including investments in education and training for historically underserved communities, the establishment of "green banks" to support clean energy businesses with a focus on minority-owned companies, the enforcement of funding and performance targets for efficiency programs in underserved areas, and financing requirements to ensure that clean energy facilities benefit the communities where they are built, such as solar or wind farms and clean vehicle factories. These recommendations aim to enhance diversity and inclusivity in the clean energy sector as it undergoes significant growth.

Building a Resilient Energy Efficiency Workforce: A Literature Review

The literature review examines the profound impact of the COVID-19 pandemic on the energy efficiency workforce in Illinois, emphasizing the need for resilience and diversity in this sector. The pandemic led to a significant reduction in the energy efficiency workforce, with job losses especially affecting customer-facing programs and smaller contractors. Minorities, particularly Hispanic and Latino workers, bore a disproportionate impact, both in terms of job losses and economic and health effects.

The report also highlights the anticipated continuation of job losses in the energy efficiency sector, attributing it to various factors, including supply chain disruptions. Despite being labeled as "non-essential," energy efficiency is deemed crucial for community well-being and economic recovery. The document suggests that the current challenges provide an opportunity to rebrand energy efficiency as an essential tool in addressing contemporary challenges.

To build a resilient energy efficiency workforce, the report recommends various characteristics, including the establishment of positive feedback loops, addressing vulnerabilities, creating redundancy, achieving efficiency, fostering flexibility, prioritizing strength and diversity, promoting interdependence and collaboration, and striving for autonomy. These characteristics are seen as vital for enhancing the resilience of the energy efficiency sector in the face of ongoing challenges and future uncertainties.

Ameren Diverse Ally's Program

All City Harrison Electric, a long-standing electrical services company in Madison and St. Clair counties, has experienced unexpected growth through its partnership with the Ameren Illinois Energy Efficiency Program, driven by the efforts of Kristen Watson, the founder's daughter. Kristen joined the family business in 2014 and

played a crucial role in expanding its services. In 2018, she helped the company become a registered Ameren Illinois Program Ally, enabling it to offer parking lot LED lighting upgrades. Then, in 2021, Kristen participated in the Ameren Illinois Energy Efficiency Diverse Program Ally Incubator, a unique opportunity that exceeded her expectations.

The Ameren Illinois Energy Efficiency Program collaborates with local contractors, known as Program Allies, to implement energy-efficient upgrades and provide customers with cash incentives. To support small, diverse-owned businesses, Ameren Illinois launched the Diverse Program Ally Incubator in 2021, aiming to help them generate sustainable revenue as Program Allies. The Incubator provided training, coaching, marketing support, and insights into financing options. It also made the certification process for diverse-owned businesses more manageable. Kristen's participation in the Incubator not only benefited All City Harrison Electric but also led to the discovery of an opportunity related to upgrading obsolete electrical systems in older homes. The company's growth has been significant, and Kristen is now focused on expanding its workforce.

Future 500 Presentation

The Key Conclusions from the Future 500 Presentation are as follows:

- **The leadership bar is rapidly rising.** It's not just what you stand for, but what you *stand up* for.
- **Actions speak louder than words.** Brands taking stands + CEO activism = Silence is complicity.
- **Intersectionality – D&I does not exist in isolation.** It's increasingly about justice – racial, environmental, and economic.
- **Corporate social impact investing in support of BIPOC communities is quickly growing in popularity.**

Different places, different priorities:

- North American market tends to lead, as more pressure there, especially on racial equity. But programs created here often don't translate well to international markets.
- ERGs can be leveraged to develop tailored approaches to specific regions/nations/cultures.
- Value chain efforts, such as in human rights, are useful platforms to expanding D&I globally.
- **External stakeholders expect a clean house internally.** Companies must be aligned across all their divisions or subsidiaries, meaning one can't lead while another lags.
- **Transparency is critical... and table stakes.** If you're not disclosing, it suggests you have something to hide. (E.G. Releasing EEO-1 info is becoming table stakes for credibility.)
- **"D&I" is increasingly dated terminology.** DEI is current; JEDI is rapidly emerging.
- **Let the employees lead.** A recent study found that "listening to employees and acting on results... was by far the best predictor of [D&I] excellence."

III. Conclusion – Part I: Key Themes

- **Partnerships and Programs:** The articles frequently mention the value of partnerships between organizations, businesses, and government programs aimed at supporting and promoting growing and supporting diverse businesses. In Illinois, the ICC has demonstrated a commitment to tracking and encouraging diverse business utilization in the utility industry and sharing best practices. Ameren IL has shown leadership in supporting diverse businesses and increasing jobs and economic value of energy efficiency through developing and implementing the Market Development Initiative, the first utility in IL to do so.

- **Training and Education; Ongoing Support:** Several articles emphasize the importance of training, education, and skill development, plus ongoing support, both for workers in the energy efficiency sector and diverse-owned businesses seeking to participate in programs as Program Allies or Implementers.
- **Resilience and Adaptation:** Resilience is a common theme, with articles discussing the need for businesses to adapt, learn from past experiences, and become more resilient in the face of challenges.
- **Technical, Business and Financial Support:** Many of the articles mention the importance of technical, business and financial support to help businesses develop necessary skills, then grow.
- **Ongoing Constructive Feedback and Support:** Provide diverse, underrepresented and emerging businesses with ongoing constructive feedback and support.
- **Positive Community Impact:** Several articles describe the positive community impact of thoughtfully-designed clean energy programs, including increased jobs and funds flowing into the diverse and economically-struggling communities.

IV. Conclusion - Part 2: Recommendations for Utilities

Businesses in the energy sector can respond to the challenges and issues mentioned in the summarized articles in several ways:

- **Diversity and Inclusion Initiatives**

Implement diversity and inclusion programs to foster a more diverse workforce.

Partner with organizations that specialize in promoting diversity in the energy sector.

Establish clear diversity goals and metrics to track progress.

Diversity and Inclusion Initiatives

- Partner with minority-focused professional organizations and associations to identify and recruit talent from underrepresented minority groups. Ameren IL has partnered with several CBOs to identify diverse businesses and job candidates.
- Establish targeted internship programs that provide mentorship and hands-on experience to minority students pursuing careers in the energy sector. Ameren IL currently has a robust internship program for minority students.

- **“Reskilling” and Training**

Invest in employee training and development programs to equip workers with new skills.

Collaborate with educational institutions to create industry-specific training programs.

Support apprenticeship and mentorship programs to facilitate knowledge transfer.

Reskilling and Training

Collaborate with minority-serving educational institutions, such as Historically Black Colleges and Universities (HBCUs), Hispanic-serving institutions and community colleges, to develop specialized training programs for minority and underrepresented employees.

- Sponsor scholarships or grants for minority employees seeking certifications or degrees related to energy efficiency or clean energy technologies.

- **Financial Resilience**

Educate minority and underrepresented businesses on:

- Diversifying revenue streams to reduce dependence on a single source of income.
- Exploring alternative financing options, such as loans, grants, or public-private partnerships.
- Prioritizing financial planning and risk management to weather economic uncertainties.
- Offering financial literacy workshops and resources specifically tailored to the financial challenges faced by minority employees.
- Exploring partnerships with minority-owned financial institutions for banking and financial services that support employees' financial stability.

- **Community Engagement**

- Engage with local communities to understand their needs and concerns.
 - Develop community outreach programs, including initiatives that support vulnerable populations.
 - Collaborate on projects that benefit both the business and the community.
- Community Engagement:**
- Create community engagement programs that prioritize minority neighborhoods, offering free or discounted energy assessments and efficiency upgrades.
 - Partner with minority community organizations to host energy education workshops and job fairs focused on opportunities in the energy sector.

- **Partnerships and Collaboration**

- Forge partnerships with other industry players to share resources and expertise.
- Collaborate with government agencies and non-profit organizations on energy efficiency and clean energy projects.
- Seek alliances with diverse-owned businesses to promote economic inclusion.

Partnerships and Collaboration

- Collaborate with minority-owned businesses in joint ventures or subcontracting opportunities for energy projects.
- Sponsor or support minority-focused entrepreneurship programs and accelerators to foster the growth of minority-owned energy-related startups.

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- **Policy Advocacy**

Advocate for policies that support clean energy, renewable resources, and energy efficiency. Participate in industry associations and engage in policy discussions at local, state, and federal levels. Stay informed about regulatory changes and adapt business strategies accordingly.

Policy Advocacy

- Advocate for policies that include equity provisions, ensuring that minority communities benefit from clean energy incentives and programs.
- Participate in legislative discussions on inclusive workforce development programs that specifically target minority job seekers.

- **Data and Analytics**

Leverage data analytics to optimize energy use and identify areas for improvement. Monitor key performance indicators related to diversity, energy efficiency, and financial stability. Use data-driven insights to make informed decisions and drive continuous improvement.

Data and Analytics

Use data analytics to identify energy inefficiencies in minority-majority neighborhoods and implement targeted energy-saving initiatives.

- Collect and analyze workforce diversity data to track progress and identify areas where minority representation can be improved.

- **Communication and Marketing**

Clearly communicate the company's commitment to diversity and sustainability to customers and stakeholders.

Market energy efficiency and clean energy solutions as cost-effective and environmentally friendly. Highlight community engagement and social responsibility efforts in marketing campaigns.

Communication and Marketing

- Showcase success stories of minority employees and minority-owned suppliers in marketing materials and corporate communications.
- Engage with minority media outlets and influencers to raise awareness of the company's commitment to diversity and inclusion.

- **Flexibility and Innovation**

Help diverse and underrepresented businesses to:

Embrace innovation and adapt to changing market conditions.

Explore emerging technologies and business models that align with sustainability goals.

Foster a culture of adaptability and innovation within the organization.

By proactively addressing these issues and adopting these strategies, businesses in the energy sector can contribute to a more inclusive, sustainable, and resilient industry while also driving economic growth and environmental responsibility.

Flexibility and Innovation

- Create innovation incubators or accelerators focused on energy-related startups led by minority entrepreneurs.
- Encourage and support employee resource groups that focus on diversity and inclusion, allowing minority employees to drive innovation and change within the organization.

By tailoring these ideas to target minorities and underrepresented businesses, utilities in the energy sector can make meaningful strides in promoting increased diversity, equity, and inclusion in their workforce and providing greater economic benefits from the clean energy economy.