



Memorandum

To: Celia Johnson, SAG Facilitator

CC: Kim Swan, Elder Calderon, ComEd

From: Parini Shah, Neil Curtis, Guidehouse

Date: June 22, 2026

Re: Interpretation of NTG Application for Disadvantaged Communities (DAC Policy)

Guidehouse recognizes that the Illinois net to gross (NTG) policy for disadvantaged communities (DAC) is intended to support increased program participation and delivery in these areas. The policy explicitly states: “Free ridership for certain types of Customers in economically-disadvantaged areas is highly likely to be very low... To reflect that reality, the net to gross (NTG) ratio for such customers will be set to one-hundred percent (100%). This will have the added advantage of creating greater incentives for Program Administrators to target delivery of their Energy Efficiency programs to economically disadvantaged areas.¹” The policy establishes a NTG value of 1.0 for qualifying customers and activities, reflecting an assumption of low free-ridership and a desire to encourage investment in disadvantaged areas.

However, the policy language leaves room to interpret how NTG should be applied in certain delivery scenarios, particularly for upstream and midstream programs where the end-use customer location may not be known. The policy is written in terms of “customers in disadvantaged areas,” but does not explicitly address how to apply NTG when customer-level location data is unavailable. In such instances, it is an evaluator’s responsibility to interpret the policy, which may result in different valid interpretations. This is the case for this issue; there are differences in interpretation of the policy and how it is applied across programs. Guidehouse interprets the policy to consider both the location of the end user and the trade ally when applying the DAC policy.

Guidehouse has interpreted the policy in a way that is consistent with its stated intent and operational realities. When applying the policy, those Residential end-users that are located in DACs or Non-Residential end-users located in DACs and meet the rate class or consumption criteria, Guidehouse applies an NTG of 1.0. When program activity is delivered through businesses (e.g., trade allies, retailers, or distributors) located in disadvantaged areas, when End User location is unknown or not in a DAC, Guidehouse applies a

¹ IL EE Policy Manual Version 3.0 Section 7.4: NTG Ratio for Disadvantaged Areas
[IL_EE_Policy_Manual_Version_3.0_Final_11-3-2023.pdf](#)

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NTG of 1.0 to the measure. Guidehouse finds this interpretation to be reasonable for several related reasons:

- **Alignment with policy intent:** This interpretation is consistent with the policy’s stated objective to “create greater incentives” to target delivery in disadvantaged areas. By applying the DAC Policy to DAC-located businesses, the policy helps to encourage investments in businesses and programs offered within those areas. Not applying the DAC policy to businesses within DACs may miss opportunities to prioritize energy efficiency investments in DAC-based businesses and, in turn, encourage greater participation from DAC customers.
- **Practical program realities:** Upstream and midstream programs do not consistently capture end-user location, even though these channels are essential for delivering energy efficiency measures to disadvantaged customers. Under these conditions, limiting NTG=1.0 to only verified customer addresses would likely underrepresent activity serving disadvantaged areas.
- **Low free-ridership in disadvantaged areas:** The policy establishes NTG = 1.0 based on an assumption of low free-ridership and is agnostic to delivery channel.

We acknowledge that alternative interpretations are possible. Guidehouse’s interpretation places greater weight on aligning with the policy’s stated intent to encourage delivery in disadvantaged areas and provides transparency and replicability in evaluations, particularly where data limitations would otherwise constrain its application. It also avoids the practical limitation of assuming zero DAC attribution for retailers and vendors, which would overlook many legitimate DAC businesses and customers and lead to missed opportunities in these communities. Given this ambiguity, Guidehouse’s approach is:

- Policy-consistent with the goal of encouraging delivery in disadvantaged areas
- Practical given known data limitations
- Transparent and replicable in evaluation