

# Introduction to Net-to-Gross for Disadvantaged Areas Policy Discussion

Celia Johnson, SAG Facilitator

June 8, 2026 Large Group SAG Meeting

# Presentation Agenda

- SAG Process for Addressing Policy Issues
- Background on Net-to-Gross (NTG) for Disadvantaged Areas Policy
- Brief Overview of Policy Language
- Previous SAG Discussion on NTG for Disadvantaged Areas Policy
- Issue for Discussion on June 8
- June 8 Agenda and Next Steps

# SAG Process for Addressing Policy Issues

## Background

- Policy issues are typically resolved through the **SAG Policy Manual Subcommittee update process**
- Policy Manual is updated every 3-4 years
- Policy questions may arise that require discussion and resolution while the Policy Manual Subcommittee is inactive
- Policy Manual Subcommittee is currently inactive - the next comprehensive update process is anticipated in 2027

## SAG Process for Addressing Policy Issues

- Included in the [SAG Process Guidance 2025 Update \(Final 6/4/2025\)](#) - see pages 6-7
- Referenced on the [Policy page](#) of the SAG website
- Explanation on slide 4

# SAG Process for Addressing Policy Issues

1. The SAG Facilitator will review policy requests and schedule for SAG discussion as needed.
2. Background on the policy request will be presented to interested SAG participants.
3. Proposed policy resolution will be circulated to SAG for review, including a request for edits or questions, with a minimum of ten (10) Business Days provided for review.
4. If the SAG Facilitator receives substantive edits, questions or concerns regarding proposed resolution of an open policy issue, a follow-up SAG discussion will be held with interested SAG participants.
5. Final resolution will be documented on the [Policy page](#) of the SAG website.
6. The SAG Facilitator will maintain a “Policy Tracker” describing any policies to be considered in a future update to the Policy Manual or IL-TRM Policy Document.

Policy resolution may require a [Stipulated Agreement](#). Whether or not a stipulated agreement is required will be determined by utilities and non-financially interested stakeholders.

# Background on Net-to-Gross (NTG) for Disadvantaged Areas Policy

- IL EE Policy Manual Version 3.0 was approved by the ICC in December 2023
  - ❖ The SAG Policy Manual Subcommittee developed Version 3.0 through a consensus update process that began in June 2022
  - ❖ See [Summary of Final 2023 Policy Updates \(Excel\)](#)
  - ❖ Current Policy Manual: [Illinois Energy Efficiency Policy Manual Version 3.1 \(effective January 1, 2026\)](#)
- During the Version 3.0 update, a new policy was added that established a 100% (1.0) NTG ratio for certain types of customers in economically-disadvantaged areas of Illinois
  - ❖ NTG ratio means a factor representing net savings divided by gross savings that is applied to gross impacts to convert them into net impacts
  - ❖ NTG ratios are produced annually by independent evaluators for Illinois utilities, with review and consensus by interested SAG participants
- Policy Rationale
  - ❖ The participation rate for smaller customers in economically-disadvantaged areas has historically been much lower than for similar customers in communities that are not as economically challenged

# Policy Language

## Section 7.4, NTG Ratio for Disadvantaged Areas

Free ridership for certain types of Customers in economically-disadvantaged areas is highly likely to be very low. That assumption is supported by data indicating that the participation rate for smaller Customers in economically-disadvantaged areas has historically been much lower than for similar Customers in communities that are not as economically challenged. 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.

The economically-disadvantaged areas designated by this policy\* are:

- i. Areas identified as “income-eligible households” by Illinois Solar for All (“disadvantaged neighborhood”); and
- ii. The entire area of certain municipalities where at least fifty percent (50%) of the municipality is identified as income-eligible through Illinois Solar for All\*\* (“disadvantaged municipality”).

The policy will apply to all Program activity involving the following Customer segments within disadvantaged areas:

- i. Residential Customers in disadvantaged neighborhoods; and
- ii. Business Customers in disadvantaged neighborhoods with rate class designations or energy consumption levels below annual thresholds in the table below.

# Policy Language (cont.)

## Section 7.4, NTG Ratio for Disadvantaged Areas

Program Administrator	Criteria for Eligibility (either/or)	
	Rate Class	Annual Consumption Threshold
Ameren Illinois	Electric: DS-2 (<150 kW) Gas: GDS-2 (<200 therms/day in any month)	Electric: <750,000 kWh/year Gas: <35,000 therms/year
ComEd	Small Load Delivery Class (<100 kW)	<750,000 kWh/year
Nicor Gas	N/A	<35,000 therms/year
Peoples Gas and North Shore Gas	N/A	<35,000 therms/year

For projects jointly delivered by a gas and electric utility, eligibility for either the electric or gas thresholds in the table above would trigger the application of a one-hundred percent (100%) percent NTG ratio for both fuel savings.

- iii. Any general delivery service municipal, public school and local government customers in a disadvantaged municipality

# Policy Language (cont.)

## Section 7.4, NTG Ratio for Disadvantaged Areas

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.

*This policy is applicable beginning with the 2023 Program Year.*

### Policy Footnotes:

\*Program Implementation Contractors and Evaluators may convert from the two (2) geographies listed (census tracts and municipal boundaries) to zip code tabulation areas for operational purposes (especially with program ally driven initiatives). The method for used for this conversion should comply with industry standards. See <https://www.huduser.gov/portal/periodicals/cityscpe/vol20num2/ch16.pdf> for more information on this type of conversion.

\*\*See <https://www.illinoissfa.com/programs/non-profit-and-public-facilities/> for more information and an interactive map identifying these communities.

# Previous SAG Discussion

## July 17, 2024 Large Group SAG Meeting

- Illinois evaluators presented on the approach to tracking the NTG for Disadvantaged Areas policy, to educate SAG participants:
  - ❖ [Guidehouse Presentation: Impact of the Disadvantaged Areas Net-to-Gross Policy on ComEd, Nicor Gas, Peoples Gas and North Shore Gas](#)
  - ❖ [Opinion Dynamics Presentation: Overview of Disadvantaged Areas Net-to-Gross Tracking for Ameren Illinois](#)

# Issue for Today's Discussion

## Background

- **December 2025 Large Group SAG Meeting:** Questions were raised about how Illinois evaluators are interpreting the NTG for Disadvantaged Areas Policy
- **Utility EE Plan Presentations in Early 2026:** Several stakeholders requested further discussion / understanding of how the policy is being applied

## Difference in Interpretation

- Guidehouse (current evaluator for ComEd, Nicor Gas, Peoples Gas & North Shore Gas) and E Source (current evaluator for Ameren Illinois) are interpreting the policy application differently
  - ❖ The two evaluators differ on whether the location of a Trade Ally should be considered when applying the policy
- ICC Staff requested the SAG discuss this policy issue, with an opportunity for stakeholder input

# Agenda and Next Steps

## June 8 SAG Meeting

- Ameren Illinois evaluator will present their approach (E Source)
- ComEd, Nicor Gas, Peoples Gas & North Shore Gas evaluator will present their approach (Guidehouse)
- Opportunity for questions and initial feedback from interested SAG participants

## Next Steps

- Written feedback is requested from interested SAG participants
  - ❖ Should the location of a Trade Ally in a utility's service territory be considered when applying the NTG for Disadvantaged Areas policy?
- Feedback is **due Friday, June 26**
  - ❖ A comment template will be circulated to SAG
  - ❖ If needed, a follow-up discussion with interested parties will be scheduled
- Goal is to document the interpretation and post it on the [Policy page](#) of the SAG website
  - ❖ If policy clarification(s) are needed, those can be proposed during the 2027 comprehensive Policy Manual update process