



Memorandum

To: ComEd, Ameren, Nicor Gas, Peoples Gas and North Shore Gas

CC: Illinois SAG

From: Jeff Erickson, Guidehouse, for the NTG Working Group

Date: August 13, 2025

Re: Net-to-Gross Ratios for pilot programs

This memo presents guidelines for evaluators as they consider recommending a net-to-gross (NTG) ratio for pilot programs offered by the Illinois utilities. It was discussed in the NTG Working Group and agreed to in the meeting held August 7, 2025.

1. Introduction

The Policy Manual¹ says the following about NTG ratios (emphasis added):

In the event a new Energy Efficiency pilot Program, Sub-Program, Measure group, and/or special project arises after October 1, Evaluators will supply recommended deemed NTG Ratios as soon as practical, **which may be based on secondary research, when that research produces relevant results, and that are intended to represent the Evaluators' best estimates of actual NTG Ratio values likely to occur for the relevant Program Year.** Otherwise, a NTG Ratio of 0.80 will be deemed. Evaluators may seek feedback from SAG regarding an appropriate NTG Ratio to deem for the new Energy Efficiency pilot Program, Sub-Program, and/or Measure group.

When utilities introduce new pilot programs and expect to claim savings from them in the current year, the evaluation team will follow this policy and recommend a NTG value to be used for the impact evaluation of the current year. The NTG value for subsequent years and any program or program element that subsequently follows the pilot will go through the normal SAG deliberation process in the fall of each year. This document is intended to suggest approaches that the evaluators should consider as they examine pilot projects and develop their “best estimates of [the] actual NTG Ratio values likely to occur.”

Given the nature of pilots, it may be common that secondary research will fail to uncover results that are relevant to the pilot at hand. This will mean that the evaluator may need to use expert judgement from the information they have available and the specifics of how the pilot was implemented to propose a NTG ratio.

¹ https://www.ilsag.info/wp-content/uploads/IL_EE_Policy_Manual_Version_3.0_Final_11-3-2023.pdf

If the information at hand does not provide a persuasive case for a specific NTG, as per policy, the evaluator will recommend the default 0.80 NTG ratio.

2. Gathering information to support a NTG decision

There are several areas of information that are available to the evaluation team as they consider a pilot NTG value, as described below.

1.1 Primary Research – Interview the Participants

Evaluators and program staff can explore whether it is cost effective, timely, and appropriate to include direct evaluation interviews with the participants to gauge the impact of the program on their decision to participate and then calculate a NTG ratio from those interviews. The interviews and calculation should follow the appropriate approach defined in IL TRM NTG.

1.2 Secondary research

As with any program where primary research is not available, the evaluation should search for research that has been done in Illinois or elsewhere on NTG values for similar energy efficient efforts. If that search uncovers sufficient comparable research then it can inform the determination of the pilot's NTG value.

1.3 Pilot-Specific Information

Primary and secondary research can be combined with information on the specific details of the pilot to support the evaluator developing their best estimate of actual NTG values.

Factors that can be considered when developing a best estimate can include the following:

1. **Recruiting and size.** How many participants are there in the pilot and how were they recruited?
Example: A pilot with a small number of hand-recruited participants might imply relatively low free ridership.
2. **Measure level of development.** A technology very early in its development with no (or very few) installations in the market yet might imply relatively low free ridership. Conversely, a measure that has been in the market for some time and is readily available in Illinois might argue against assuming low free ridership.
3. **Complexity.** A complex project that requires substantial commitment from the customer and substantial assistance from pilot staff (e.g., requiring a lot of measuring and monitoring) might imply relatively low free ridership.

3. Process

Evaluators should proceed as normal for any new project which is (briefly):

- Understand the characteristics of the pilot
- Understand the stage of market development for the pilot's measures

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- Perform secondary research to see if any can inform a NTG choice
- Synthesize all available information and draw a conclusion
- Deliver a memo to the utility to summarize the research and present the conclusion on the appropriate NTG value
- Finalize the decision after considering feedback.