

Illinois EE Stakeholder Advisory Group Policy Manual Subcommittee

Wednesday, December 14, 2022 Meeting

9:30 am – 12:30 pm

Teleconference

Attendees and Meeting Notes

Meeting Materials

- Posted on the [Policy Manual Subcommittee page](#).

Attendees (by webinar)

Celia Johnson, SAG Facilitator
Greg Ehrendreich, Midwest Energy Efficiency Alliance (MEEA) – Meeting Support
Andrew Cottrell, Applied Energy Group (AEG)
Andrey Gribovich, DNV
Andy Vaughn, Leidos
Billy Davis, Bronzeville Community Development Partnership
Cassidy Kraimer, Community Investment Corp.
Cheryl Johnson, People for Community Recovery
Cheryl Watson, Equitable Resilience & Sustainability LLC
Chris Neme, Energy Futures Group, representing NRDC
Chris Vaughn, Nicor Gas
Christian Koch, MEEA
Dalitso Sulamoyo, Champaign County Regional Planning Commission
David Brightwell, ICC Staff
David Weaver, Citizens Utility Board
Deb Perry, Ameren Illinois
Dylan Royalty, AEG
Elizabeth Horne, ICC Staff
Erin Stitz, AEG
Gregory Norris, Aces 4 Youth
Jared Policicchio, City of Chicago
Jean Gibson, Peoples Gas & North Shore Gas
Jeff Erickson, Guidehouse
Jonathan Skarzynski, Nicor Gas
Jonathan Kleinman, Aiqueous
Kalee Whitehouse, VEIC (IL-TRM Administrator)
Karen Lusson, National Consumer Law Center (NCLC)
Katherine Elmore, Community Investment Corp.
Kristol Simms, Ameren Illinois
Laura Agapay-Read, Guidehouse
Leanne Jossund, ComEd
Mark Szczygiel, Nicor Gas
Matt Armstrong, Ameren Illinois
Matthew Ludwig, ComEd
Michael Brandt, Elevate
Molly Lunn, ComEd

Omayra Garcia, Peoples Gas & North Shore Gas
Philip Mosenthal, Optimal Energy, representing IL AG's Office and NCLC
Randy Opdyke, Nicor Gas
Rebecca McNish, ComEd
Sam Dent, VEIC (IL-TRM Administrator)
Scott Eckel, ICC
Seth Craigo-Snell, SCS Analytics
Stephen Robinson, Northwest Austin Council
Stu Slote, Guidehouse
Sy Lewis, Meadows Eastside Community Resource Org
Taso Tsiganos, IL Attorney General's Office
Ted Weaver, First Tracks Consulting, representing Nicor Gas
Thomas Manjarres, Peoples Gas & North Shore Gas
Tim Dickison, Ameren Illinois
Tina Grebner, Ameren Illinois
Travis Hinck, GDS Associates
Tyler Sellner, Opinion Dynamics
Victoria Nielsen, AEG
Wade Morehead, Morehead Energy
Will Supple, Guidehouse
Zach Ross, Opinion Dynamics

Meeting Notes

Follow-up items indicated **in red**.

Opening & Introductions

Celia Johnson, SAG Facilitator

Purpose of meeting: To discuss proposed policies for consideration in the Policy Manual Version 3.0 update process; identify feedback and questions.

Follow-up Discussion from Previous Meetings

Interactions between Electrification and Other Efficiency Measures (Joint Stakeholder Proposal)

Chris Neme, Energy Futures Group, representing NRDC

- Purpose is to discuss questions from Nov. meeting:
 1. Is everyone in agreement with the compromise policy language?
 2. Is everyone in agreement this policy can be used for 2022?
- **Proposed Compromise Policy Language from Nov. meeting:** “When a project includes both electrification and energy efficiency upgrades for the same end use, the entire project savings from that end use can be treated as electrification savings and count towards the statutory electrification savings limits.”
- **Proposed effective date:** ASAP.
- No additional edits to policy language during meeting. No concerns flagged about policy language, or using the policy for 2022. Ameren Illinois will review further with legal, and follow-up in January.

[Karen Lusson] When it says “when a project includes both electrification and energy efficiency” are we assuming whole home, partial, or both?

- *Chris Neme: Both. But in reality, it is mostly heat pump space heating plus weatherization (Wx). But it could be a heat pump water heater combined with faucet aerators and showerheads. Principle would apply to all the cases, but it will mostly be the heat pump plus Wx.*

Follow-up: Discuss at January Policy Manual Meeting

- Ameren IL will review policy language with their legal team; follow-up at the January Subcommittee meeting.

IL-TRM Administrator Role (ComEd Proposal)

Rebecca McNish, ComEd

- Purpose is to discuss proposed ComEd edits to Policy Manual and IL-TRM Policy Document from early December Small Group Discussion
- **Proposed effective date:** 2023. Goal is to finalize updated policy in early 2023 to incorporate into the 2023 TRM update process.
- Goal of edited policy language is to incorporate “serve as an independent facilitator” into the policies.
- Additional edits made during meeting to address questions/concerns; ComEd will make additional edits to policy documents for review by the Subcommittee. Discussion also included adding the definition of “Non-Financially Interested Parties” to the Policy Manual definitions section. This definition currently lives in the SAG Process Guidance Document. Subcommittee participants will be asked to review the definition.

Follow-up: Discuss at February Policy Manual Meeting

- ComEd will make additional edits to Policy Manual and TRM Policy Document for review by the Subcommittee.
- Subcommittee participants will review the definition of “Non-Financially Interested Parties” and discuss adding it to the Policy Manual definitions section.
 - Definitions from [SAG Process Guidance Document](#): A non-financially interested stakeholder participant does not have a financial interest in Illinois utility energy efficiency portfolios, or a financial interest with Illinois utilities. A “financially interested party” means any person or entity, or employee of an entity, that engages in the purchase, sale, marketing or implementation of energy efficiency products, services, programs, pilots or research. A “financially interested party” may also engage in other work with utilities outside of energy efficiency.

Electrification Cost-Effectiveness (Ameren Illinois Proposal)

Matt Armstrong, Ameren Illinois

- Purpose is to discuss updated proposal from Ameren Illinois, a follow-up item from the October Subcommittee meeting.
- **Revised proposal:** Illinois electric utilities choosing to pursue electrification under Section 8-103B(b-27) should design and deliver energy efficiency electrification programs that have been shown to provide significant benefit to customers choosing to switch fuels, considering cost-effectiveness. When calculating TRC for electrification projects, the TRC test should reflect resource cost and benefits of the fuel being displaced (Propane or Natural Gas), as well as the resource cost and benefits of fuel being used (electric). Investments to address capacity constraints should be factored into the resource costs.

- Ameren IL wants to ensure there is flexibility to choose a traditional EE project over electrification, when electrification doesn't make sense for the customer.
- Stakeholder feedback:
 - Unsure why this policy is needed. Language about what works best for the customer might be ok, concerns shared about extra bounds being added onto electrification, i.e., applying a different set of constraints to electrification EE measures vs. 'regular' EE measures. Important not to constrain electrification in ways other efficiency measures are not.
 - Concerns about including the costs and benefits of the fuel used in the policy.
 - Customers should see options available/to be informative for any fuel switch measure. However, a concern was raised about customers seeing too many options. One suggestion was to consider sharing at least the top 3 options with customers. A concern was also raised that it may be difficult to include this type of customer language as a policy – it depends a lot of what the customer needs. Programs need to be flexible to approach circumstances uniquely.

Follow-up: Discuss at January Policy Manual Meeting

- Ameren Illinois will consider the feedback/discussion and share an update at the January meeting.
- Additional topics to discuss:
 - Where is this provision is proposed to be added to the Policy Manual?
 - What is the proposed effective date?

Update on Income Qualified Policy Proposals

Follow-up on Single Family IQ Eligibility Verification Guidelines (Ameren Illinois Proposal)

Proposed edits presented by Molly Lunn, ComEd

Proposed edits presented by Phil Mosenthal, representing IL AG's Office / NCLC

- Background:
 - Ameren Illinois submitted a policy proposal as part of the SAG Policy Manual Version 3.0 update process, to establish a policy on single family IQ eligibility verification guidelines
 - At the September Policy Manual meeting, Ameren Illinois requested interim resolution of this policy, to help address customer eligibility verification challenges in their single-family IQ EE programs
 - A Policy Manual Small Group meeting was held in October to discuss and edit proposed policy language
 - At the October Policy Manual Subcommittee meeting, participants reached consensus on an interim policy resolution, with the understanding there will be further refinement of policy language through the Policy Manual Subcommittee process, including identifying additional single family IQ eligibility pathways
 - The [interim policy resolution](#) is posted on the "Policy" page of the SAG website
- Purpose is to discuss additional proposed edits from ComEd and IL AG/NCLC
- ComEd edits: Two additional qualifications added, to include ways customers are currently qualifying for non-IHWAP braided SF Retrofit and non-comprehensive programs.

- This follows how DCEO operated the program previously. We have data showing that projects typically align well with areas in our service territory with the lowest income customers. Back-end income qualification is burdensome for customers.
- Non-comprehensive SF programs = Home Energy Assessment (direct install work with additional free products for income qualified customers).
- Non-braided projects start with the goal of identifying communities.
- IL AG/NCLC edits: There is a similar policy for MF buildings that if they are in a low income census tract, then we deem them low income rather than trying to confirm that more of the tenants are low income. We recognize that tenants turn over and things change. The idea was that if it is a rental property, that the assumption that it would have affordable rents in a low income neighborhood and more likely to have low income tenants.
 - ICC Staff raised a question about how tight census tracts are; what about a high-cost rent situation that happens to be in an eligible census tract?
 - Several mentioned situations of investors flipping homes as an example.
 - NCLC comment: In the NEAT programs, the goal of affordable housing is to make sure it stays affordable. Other states incorporate a landlord agreement – “you will not raise rents because of this work, will retain them at the level they are (not inflation and etc.)” – this is not letting the landlord profit from the program and thereby increasing rents.
 - Community Investment Corp. comment: Supports this edit. It is analogous to the MF criteria and is long overdue to be able to serve SF rental properties at all. The MF program has been using them and it has been working well without controversy. We want to serve those neighborhoods and we don’t want to risk bumping people out from these restrictions.
 - ComEd: For initial program eligibility screening, someone is calling in and the program staff looks at the census tract to see if the property qualifies. After that there is a property assessment.
 - NRDC: This situation is not likely to crop up very often – the potential for retrofitting a home with a high income tenant.
 - ComEd: There is an option in multifamily for rent eligibility. For example, if a property is on the opposite side of the census tract, the other way it could be qualified is through rent.

Follow-up: Discuss at February Policy Manual Meeting

- Karen Lusson: For single-family, tenant-occupied properties, do you engage with the building owner or just the tenants? A building owner agreement would be important to ensure the low-income tenant isn’t kicked out once the improvements are made.
 - ComEd will follow-up.
- A Small Group will meet to discuss policy components related to landlords, including the possibility of including a rent roll option for verification. The meeting will be scheduled in the second half of January by the SAG Facilitator. Reach out to Celia@CeliaJohnsonConsulting.com to join this Small Group.
- Follow-up from Small Group meeting will be held at February Subcommittee meeting.
- For context, Subcommittee participants to review multi-family eligibility verification policy from current Policy Manual:

Excerpt from Current IL EE Policy Manual Version 2.1, Section 4.3, Income Eligibility Verification Guidelines for Low Income Customers (see pages 17-19)

The majority of tenants in a multi-family building should be expected to have incomes at or below eighty percent (80%) of Area Median Income in order to provide Energy Efficiency Measures and services to the building under Program Administrator income qualified Energy Efficiency Programs in Illinois. Because income verification for low-income multi-family buildings can be challenging, expensive and time-consuming, and in order to ensure that such challenges, costs and/or impositions on building owners and tenants do not adversely affect a Program Administrator's ability to serve low-income multi-family buildings, there should be multiple pathways to establishing income eligibility for such buildings. The purpose of having multiple pathways is to enable income eligibility to be established relatively quickly and easily – minimizing time, hassle, and paperwork required of both the Program Administrator and building owners (Participants) – while providing assurance that the buildings treated include a majority of tenants that are income eligible. The multiple pathways also assist Program Administrators in serving the affordable multi-family sector more effectively, helping to maximize the time spent serving the building and tenants.

The following pathways are all acceptable ways to demonstrate income eligibility for multi-family building participation in Program Administrator income qualified multi-family Programs or pilots. The definition for multi-family shall be consistent with each Program Administrator's own definition within their service territory and Programs. Each Program Administrator has the discretion to choose any of the following pathways:

1. Participation in an Affordable Housing Program. Automatic qualification for any property that can provide documentation of participation in a federal, state, or local affordable housing program (agencies can also provide documentation on behalf of a property), for example: Low Income Housing Tax Credit (LIHTC), Housing and Urban Development (HUD), United States Department of Agriculture (USDA), State Housing Finance Agency (HFA), local tax abatement for low-income properties, etc.
2. Participation in the Weatherization Assistance Program. Submission of documentation showing that the property is on the waiting list for, currently participating in, or has in the last five years participated in, the Weatherization Assistance Program.
3. Location in a Low-Income Census Tract. Location in a Census Tract identified by the Program Administrator as low-income. As a starting point, the Program Administrator should use HUD's annually published "Qualified Census Tracts." HUD's Low-Income Housing Tax Credit Qualified Census Tracts must have fifty percent (50%) of households with incomes below sixty percent (60%) of Area Median Income or areas that have a poverty rate of twenty-five percent (25%) or more. However, the Program Administrator's target Census Tracts may be expanded or restricted based on additional analysis demonstrating that the change would ensure that the majority of buildings treated would have at least fifty percent (50%) of tenants with incomes at or below eighty percent (80%) of Area Median Income. For example, a Program Administrator may choose to target a higher percentage of poverty within their definition of a low-income Census Tract.
4. Rent Roll Documentation. Submission of rent rolls documenting that the median rents charged by a particular property are at or below eighty percent (80%) of "Fair Market Rent", as published annually by HUD, which is intended to define rents that

are affordable to households with incomes at or below eighty percent (80%) of Area Median Income.

5. Tenant Income Information. Submission of tenant income information showing that at least fifty percent (50%) of units are rented to households meeting one of the following criteria:
 - a. At or below two-hundred percent (200%) of the Federal Poverty Level, or
 - b. At or below eighty percent (80%) of Area Median Income.
6. Alternative Approaches to Verify Income for Multi-Family Customers. Program Administrators may use alternative approaches to verify income where a Program Administrator can demonstrate that the majority of residents in the multi-family building have incomes at or below 80 percent (80%) of Area Median Income and the verification process is less burdensome than individual tenant income certification. Alternative approaches may include, but are not limited to:
 - a. Demonstrating the income eligibility of multi-family residents through participation in disaster relief programs administered by either federal or local governments;
 - b. Demonstrating the income eligibility of multi-family residents through participation in programs administered by local governments or community organizations.

In addition to the options above, Program Administrators may use other approaches that can demonstrably identify multi-family buildings primarily occupied by income eligible households in a manner less burdensome than by requiring tenant income information. The income eligibility verification approaches set forth in 6(a) and 6(b) may also be used to qualify income eligibility for single family homes, when such circumstances arise.

Program Administrators will employ the qualifications methodologies that are the least burdensome and time-consuming for building owners first and maximize the potential for and ease of participation in their Income Qualified multifamily Programs.

Policy Proposal: IQ Multi-Family Reporting (Joint Stakeholders)

Chris Neme, Energy Futures Group, representing NRDC

- **Proposed effective date:** As soon as practicable, but no later than PY2024
- Purpose is to discuss additional stakeholder edits, as follow-up to the November Subcommittee meeting.
- Goal is to agree to reporting principles by end of Q1 2023 (March), then the SAG Reporting Working Group will develop and finalize metrics by end of 2023.
- Additional edits discussed during meeting. A concern was raised that the principles may be too detailed. A concern was also raised about referencing 2022 reporting, since the principles have not been finalized yet and flexibility may be needed.

Follow-up: Discuss at February Policy Manual Meeting

- Goal is for Policy Manual Subcommittee to agree to reporting principles by end of Q1 2023 (March), then the SAG Reporting Working Group will develop and finalize metrics by end of 2023.
 - SAG Reporting Working Group will further discuss definitions for “subsidized” and “unsubsidized” in 2023.
- Subcommittee participants to review draft policy further, discuss additional feedback at February meeting.

Policy Proposal: IQ Health & Safety Reporting (Joint Stakeholders)

Chris Neme, Energy Futures Group, representing NRDC

- **Proposed effective date:** As soon as practicable, but no later than PY 2024
- Purpose is to discuss additional stakeholder edits, as follow-up to the November Subcommittee meeting.
- Discussed edited document.

Follow-up: Discuss at February Policy Manual Meeting

- Goal is for Policy Manual Subcommittee to agree to reporting principles by end of Q1 2023 (March), then the SAG Reporting Working Group will develop and finalize metrics by end of 2023.
- Subcommittee participants to review draft policy further, discuss additional feedback at February meeting.

NCLC Policy Proposal: Diverse Contracting Reporting Metrics

- Did not have time to discuss; will schedule for discussion in the February Policy Manual Subcommittee meeting.

Joint Stakeholders Policy Proposal: Equity and Affordability Reporting

- Did not have time to discuss; will schedule for discussion in the February Policy Manual Subcommittee meeting.

ComEd Policy Proposal: Cumulative Persisting Annual Savings (CPAS) Goal Setting

- Did not have time to discuss; will schedule for discussion in the January Policy Manual Subcommittee meeting.

Closing and Next Steps

Celia Johnson, SAG Facilitator

- Next Policy Manual Subcommittee Meeting: Wednesday, January 18 (9:30 am – 12:30 pm)