

Illinois EE Stakeholder Advisory Group Policy Manual Subcommittee

Wednesday, October 19, 2022 Meeting

10:30 am – 3:30 pm

Midwest Energy Efficiency Alliance (MEEA) with Teleconference Option

Attendees and Meeting Notes

Meeting Materials

- Posted on the [Policy Manual Subcommittee page](#):
 - [October 19, 2022 Policy Manual Subcommittee Agenda](#)
 - [SAG Facilitator Presentation: Policy Manual Process Update](#)
 - [Proposed Policy Tracker \(updated 10/18/22\)](#)
 - [Policy Manual Subcommittee Version 3.0 Plan \(Final Draft – 10/17/22\)](#)
 - [Opinion Dynamics Presentation: Electrification Savings in Cost-Effectiveness Analyses](#)
 - [Single Family IQ Eligibility Policy Resolution – 10/13 Draft](#)
 - [ComEd Presentation: Co-Funding Policy Proposal](#)

Attendees (in-person)

Celia Johnson, SAG Facilitator
Greg Ehrendreich, Midwest Energy Efficiency Alliance (MEEA) – Meeting Support
Collin Brecher, American Chemistry Council
Molly Lunn, ComEd
Rebecca McNish, ComEd
Matt Ludwig, ComEd
Jean Gibson, Peoples Gas & North Shore Gas
Seth Craigo-Snell, SCS Analytics
Matt Armstrong, Ameren Illinois
Tina Grebner, Ameren Illinois
Thomas Manjarres, Peoples Gas & North Shore Gas
Martha White, Nicor Gas
Ted Weaver, First Tracks Consulting, on behalf of Nicor Gas
Chris Neme, Energy Futures Group, on behalf of NRDC
Laura Goldberg, NRDC
Elizabeth Horne, ICC Staff
David Weaver, Citizens Utility Board

Attendees (by webinar)

Allen Dusault, Franklin Energy
Andrew Cottrell, Applied Energy Group
Andrey Gribovich, DNV
Arlinda Bajrami, MEEA
Billy Davis, Bronzeville Community Development Partnership
Cassidy Kraimer, Community Investment Corp.
Charles Ampong, Guidehouse
Cheryl Johnson, People for Community Recovery
Cheryl Watson, Blacks in Green

Chris Vaughn, Nicor Gas
David Brightwell, ICC Staff
Erin Stitz, Applied Energy Group
Gregory Norris, Aces 4 Youth
James Gin, Guidehouse
Jeff Erickson, Guidehouse
Jim Fay, ComEd
Jonathan Skarzynski, Nicor Gas
Jonathan Kleinman, Aiqueous
Kalee Whitehouse, VEIC (IL-TRM Administrator)
Karen Lusson, National Consumer Law Center (NCLC)
Kevin Grabner, Guidehouse
Mark Szczygiel, Nicor Gas
Michael Brandt, Elevate
Mike King, Nicor Gas
Neil Curtis, Guidehouse
Omayra Garcia, Peoples Gas & North Shore Gas
Philip Mosenthal, Optimal Energy, on behalf of IL AG and NCLC
Randy Opdyke, Nicor Gas
Ronna Abshure, ICC
Sam Dent, VEIC (IL-TRM Administrator)
Sy Lewis, Meadows Eastside Community Resource Org.
Tyler Sellner, Opinion Dynamics
Victoria Nielsen, Applied Energy Group
Wade Morehead, Morehead Energy
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.

Policy Manual Subcommittee Process Reminder

Celia Johnson, SAG Facilitator

- Update Process
 - Recap of SAG Guiding Principles
 - Policy Manual Process
 - Purpose of this process is to discuss proposed Policy Manual Version 3.0 policies; if they belong in TRM Policy Document, we will also be updating that from this group. Proposals submitted back in June, all posted on the web page. Held kick off meetings in June & August. Now is the time dig in on the policy proposals.
 - Everything is posted on the single Policy Manual Subcommittee web page – rather than individual meeting pages
 - Monthly meetings will be held as we go forward

- Brief overview of next steps from September feedback discussion
 - Policy Principles were discussed during August 3rd meeting, to help guide feedback on policy proposals: [Policy Manual Subcommittee Policy Principles – Questions to Consider \(SAG Facilitator\)](#)
- Brief overview of planned topics for upcoming monthly meetings
- Monthly meeting agendas will be organized by topic area
- Goal is negotiation meeting in mid-April 2023 – utilities and non-financially interested stakeholders. TBD whether that will be in person or remote. Will also decide at that point whether there are any non-consensus issues to file with the Commission when the Policy Manual is submitted for approval.

Electrification Policy Proposals

Policy Proposal: Interactions between Electrification and Other Efficiency Measures

Joint Stakeholder Proposal – Presented by Chris Neme, Energy Futures Group, representing NRDC

- For an EE project that includes weatherization (Wx) and electrification measures – how do you count the savings and which do you count first?
- Proposal suggests that we should count electrification savings first and EE savings that affect consumption from electrification second. This should give the same total savings, but it makes sense to do electrification first for several reasons
 - Illogical to count gas/therm/btu saving first when we know that consumption will be gone going forward
 - Could otherwise create a perverse incentive to electrify first and then weatherize later – don't want that from a customer service, technical standpoint
 - IL-TRM currently doesn't explicitly address this, but there is a 2011 memo on counting savings from interactive EE measures that suggests you do longest life measures first, shorter lived after. Interpreting that, Wx and insulation is 30 years but heat pump is 15, so we would do in the other order
 - Note: This memo is 10+ years old, and Effective Useful Life of heat pump doesn't really reflect life of electrification overall. A customer is not going to switch back to gas after installing a heat pump.
 - This policy proposal was included in ComEd EE Plan stipulation.
- **Proposed Policy Language:** *When an electrification measure is installed in concert with, at the same time and/or as part of a project in which other efficiency measures that would affect future electricity consumption by the electrification measure, the electrification savings should be counted first and savings from the interacting efficiency measures should be treated as standard electric efficiency measures with savings estimated relative to the new electric baseline.*
- **Proposed effective date:** ASAP. Since this is included in the ComEd stipulation, ComEd should be applying it today.

[Sam Dent] From our perspective, it's fine. Our request was that the group come up with a policy on interactive effects. Moving in this direction may need some change to the TRM – related to the heat pump measure and how it is written in the current TRM. Current requires you to use the capacity of the heat pump going in to calculate assumed heat load of the building. If you do that after the shell measures are done and the heat pump capacity could be lower, you are therefore in effect not following this rule – you are doing the

heat pump second because you are accounting for the reduced capacity. In the TRM, we'll need to say if you are doing shell and HVAC upgrades together, and we want to do electrification first, then you should use the furnace capacity to calculate the load of electrification and then use the capacity of the heat pump in the shell calculation.

[Ted Weaver] Nicor Gas interested in transparency and accuracy; follow the building science How do you actually implement it? But first, the rationale. When updating a home, you make it weatherized and air sealed and insulated, then you pick the right unit for the house. Interested in how ComEd is doing this now.

[Rebecca McNish] ComEd can follow-up on how we determine the unit capacity.

[Sam Dent] Will provide a sample calculation.

[Phil Mosenthal] There may be a policy solution – when there is an electrification project from a policy standpoint, we treat all as electrification savings rather than as gas savings under that section.

[Chris Neme] Gas utility spending caps are much more constraining, and legislature wanted electrification to be able to continue after gas caps have been hit. If you eat the conversion savings in this mechanism, you undermine the ability to do more electrification.

[Thomas Manjarres] Following the building science – assessment is done, then insulation installed then heat load calculation is performed to figure out what this home needs. We support that, we want the customer to get what they need, no more or less. We take that heat load calculation and that can become the counterfactual of what would have been provided by the existing furnace. Now we don't have to estimate full load hours. We can be specific and accurate to the actual home, and make the contractors do that calculation and right sizing.

[Phil Mosenthal] Savings are slightly different if you count one first then the other rather than as a package – EULs are different. Higher lifetime savings if you count Wx first – the 30-year baseline with the old furnace.

[Ted Weaver] Are we in conceptual agreement with Phil's proposal that we keep electrification first and add policy language that lets them shift how savings are applied to the cap?

[Chris Neme] I think Phil's suggestion is alternative solution of calculating total annual savings in whatever order – same number – then treat them all as electrification savings rather than parsing out to the electrification cap and the conversion cap.

[Phil Mosenthal] Yes. Could leave the TRM alone, think about how we think about the building science. If it's an electrification project then we treat the whole thing as an electrification project.

[Zach Ross] There isn't formal guidance for how we do this for efficiency only situations. Would like to make sure that "efficiency only" and Wx plus efficiency treat things the same way.

Follow-up: Discuss at November Policy Manual Meeting

1. Chris Neme to present updated proposal after considering feedback
2. Additional follow-up discussion:
 - a. Review Sam Dent's sample calculation
 - b. How do ComEd and Ameren Illinois determine the capacity of the heat pump?

Policy Proposal: Electrification Savings in Cost-Effectiveness

Presented by Tyler Sellner, Opinion Dynamics

- This is about how to account for electrification measures in cost-effectiveness testing (C/E).
- CEJA authorized electrification measures. These measures are unique because they decrease one fuel type and increase electricity. This is a somewhat new paradigm – we're used to dealing with one fuel type and using avoided cost schedules to get those savings. In an electrification scenario, the installed measures impact multiple fuels and question becomes how do we handle increased electricity consumption – do we leave it as negative savings on the benefit side, or do we move it to the cost side of the equation. Recognizing that this issue is in traditional EE – heating penalties from LED lighting – and we have treated this as negative savings on the benefit side. This could be a much greater magnitude from electrification savings.
 - Summary of issue with fictional example.
- **Proposed Policy:** Opinion Dynamics does not have a specific position on the approach to use, but we do believe there should be explicit guidance so it is consistent across the state. We have draft language in the slides for either scenario.
- **Proposed Effective Date:** ASAP

[Ted Weaver] The original California manual went to great lengths to avoid use of negatives. You would always shift to a positive cost instead of a negative balance and vice versa. That's the origin in how it was defined. Seems that getting rid of negatives is the right way to do it.

[Zach Ross] That is consistent with how we made this decision in previous discussions of deferred replacement costs.

[Phil Mosenthal] Will this change what gets implemented?

[Chris Neme] Agree that net benefits is what matters principally. I don't think this will change what is implemented. Agree with the point that they do have to report benefit-cost ratios (BCRs) even if we think they are less important, so we do need an answer. Also agree that the best solution is to treat negative benefits as costs – so we always have BCRs above zero. This shouldn't just be for electrification – this should be for everything with heating penalties.

[Karen Lusson] What is the background on the difference between benefit cost ratios and net benefits, and how it impacts the decision to pursue the project?

[Zach Ross] Net benefits is taking all the benefits and subtracting the costs. Benefit cost ratio is the ratio of benefits to cost – division instead of subtraction. In the first case it nets out the same, but in the second case it affects the calculation.

[Thomas Manjarres] I think it's important to point out that both numbers are equivalent – tell the same story. The program has the opportunity to invest in a measure that returns less benefits than are invested in it – customers get a negative return on the investment. How implementers look at that ratio doesn't play into it. What is the total investment and what are ratepayers getting in return.

[Zach Ross] Good point that this should be the case for everything. ODC's general approach historically has been that heating penalties going into negative benefit, maybe we need to fix that too. Maybe literally we need an edit to say that this just works for everything.

Follow-up: Discuss at November Policy Manual Meeting

- General agreement in meeting that Policy Manual should be edited to reflect “costs as costs” and “benefits as benefits.” Evaluators (Opinion Dynamics and Guidehouse) will review current Policy Manual and make proposed edits, including Chris Neme and Phil Mosenthal in review. Present edits to Policy Manual Subcommittee at November 7th meeting.

Policy Proposal: Electrification Cost-Effectiveness

Ameren Illinois Proposal – Presented by Matt Armstrong, Ameren Illinois

- The purpose of our original policy proposal was to point out that Section B27 [of the EE statute] is a bit unique compared to traditional EE programs – adding load on the electric side and reducing gas but required to maintain the same investment on that infrastructure.
- **Proposed Policy:** We proposed additional language in redline, recognizing that we need to accurately reflect the costs and benefits on both sides. Propane/gas costs are different if you are taking away from the load on the infrastructure but maintain the same infrastructure. Those costs need to be accounted for. On the electric side, adding to the grid...the way we have done that in the past, adding costs because of additional load on the grid. There could be some capacity constraints as well that could require investments beyond what we traditionally counted in a cost test. This is about what those actual cost-benefit calculations are in the fuel switch.
- **Proposed Effective Date:** ASAP

[Chris Neme] Confused about why we need this given current cost-effectiveness policy in Policy Manual.

[Thomas Manjarres] I don't think it is clear. There is an opportunity to evaluate the kWh increased and kwh reduced by the converted therms.

[Chris Neme] We treated the converted therms as kWh, but that's only for savings calculation purposes. Even if counted toward targets, they are still treated as gas in cost-effectiveness testing.

[Phil Mosenthal] I think you treat each fuel as its own fuel and apply it's avoided costs.

[Molly Lunn] That's how ComEd does it.

[Matt Armstrong] We are not proposing measure has to be cost-effective. We think that the traditional EE approach might be better than electrification done for some customers – if the EE benefit is higher than fuel switch then it's in our customer's interest to do the EE.

[Chris Neme] The first statement [in the policy proposal] is more of a value judgement about why we might do some measures over others.

[Matt Armstrong] We want flexibility for the utility – to not have to choose electrification over EE – we don't want to be boxed in.

[Phil Mosenthal] To the extent we need language, it shouldn't reference fuel switching and electrification – plenty of EE measures can impact both fuels. Policy language should be generic for anything with multiple fuel impacts.

[Jonathan Kleinman] Utilities might want to look more carefully at how they look at those avoided costs for capacity constraints. Need to look more carefully if you grow electric load and decrease on the fossil fuel side.

[Chris Neme] I don't think I agree it is any different for electrification than it is for any EE measure. Avoided T&D is small in some parts of the system and huge in others. I don't think that is different with electrification. Average avoided T&D accounts for it across the system. Geotargeted T&D would be very challenging.

[Jonathan Kleinman] Not suggesting localized T&D. Wondering whether the marginal electric impact from EE – historically in the portfolio – is the same as the view that we are talking about electrification more aggressively now. There is no guidance in the Policy Manual on the determination of T&D avoided costs.

[Chris Mosenthal] Policy Manual doesn't get into the methodology of avoided costs – that would require a level of complexity we haven't gotten to. That is discussed in the planning process, avoided costs of energy, T&D and everything else. Policy Manual should make clear, if it doesn't, that any time there is a measure (EE or electrification) that decreases some fuel and increases other, both should be captured in the analysis.

[Laura Goldberg] We have to look at the project, not isolate it from the Wx and the other parts of the project if you calculate it that way.

[Matt Armstrong] Ameren will think more about the first paragraph language.

[Chris Neme] If the first paragraph can be removed that would be great. In addition, we should review the Policy Manual and see if it is clear enough, and whether any clarification is needed on how increases in fuel consumption are

reflected in the TRC. We should reach agreement on the previous issue flagged for the November meeting first.

Follow-up: Discuss at December [or January] Policy Manual Meeting

- Ameren Illinois will consider feedback discussed and follow-up with the Subcommittee at a future meeting, including the suggestion to remove the first paragraph of the policy proposal.
- Subcommittee participants to review Policy Manual and consider whether any clarification is needed on how increases in fuel consumption are reflected in the TRC.
- Suggestion during October meeting that the Subcommittee should reach agreement on the earlier electrification issues first, before follow-up on this topic.

Program Administration Policy Proposals

Policy Proposal: Framework for Claiming Savings from Co-Funded Programs

ComEd Proposal – Presented by Molly Lunn, ComEd

- There are a variety of co-funding opportunities – state, local, federal funds that cover some part of the utility EE program components. Leveraging and coordinating with other funding reaches more customers and can help EE portfolios be cost-effective. We need to encourage that among utilities especially for low-income populations.
- Instead of trying to resolve a specific policy, this is a process proposal for how co-funding would be discussed/resolved.
 - E.g., home weatherization assistance program (which we do now and have a framework). Federal IRA has other rebate programs including electrification. Federal IJA has state level funding available. ComEd has a partnership with the City of Chicago, as referenced in our stipulation.
- There can be hesitancy about how leveraging other programs is going to impact how you claim savings – free ridership, apportionment of savings, etc. We don't want competition, we want coordination.
- **Policy Proposal:**
 - *In order to resolve this uncertainty and provide utilities and stakeholders with the confidence to pursue co-funding opportunities, the following process is established to discuss, where needed, co-funding opportunities:*
 - *If a utility identifies an applicable opportunity and would like to obtain consensus among non-financially interested parties regarding savings treatment for an opportunity, a utility may bring it to non-financially interested Policy Committee members for discussion, with the goal to reach written consensus, to be shared with and adopted by the independent evaluator.*
 - *This is consistent with the process used for IHWAP, and memorializing it in the Policy Manual will provide more certain and efficient administration, which is critical given the increasing need/frequency to address varying co-funding opportunities.*
- **Proposed Effective Date:** ASAP

[Karen Lusson] Policy language needs to require the utilities to look for state, federal dollars and leverage them for the reasons you identified. Concerned about "if the utility identifies" language – there should be an obligation to seek out the opportunities. The policy could be written in a way that promotes the

notion of leveraging and, if we can, get to a place like we did for IHWAP for language that can apply to any funding source.

[Molly Lunn] We can think more about that. In terms of actual answer for the split savings, we're open to discussion. As we were working on this, different funding sources are for different things and serve different customers and have different structures. We agree when there are funding sources that are a good fit for the portfolio and are needed to meet goals, we should be pursuing. But not every funding source is likely to be best for every utility.

[Chris Vaughn] Going from a clarification to a requirement for funding seeking is beyond the scope of what I think has been proposed.

[Phil Mosenthal] General principles around leveraging could include encouraging utilities to seek it out. Maybe there are general principles we can agree to absent a specific funding opportunity, how we're going to treat the savings.

[Molly Lunn] We thought about being more prescriptive, but due to the large number of other funding opportunities right now (5-6), reviewing each might make sense. If all agree we should claim all the savings, then great, we don't need a process. Without language like that, we need to discuss each opportunity.

[Chris Neme] To address Karen's point, what if the Policy Manual said "utilities are encouraged to leverage when such sources are a good fit for supporting the portfolio" as a general statement. Do you mean savings attribution or something else for the Policy Manual?

[Molly Lunn] I think we're thinking about NTG as well.

[Chris Neme] I think we're comfortable with that concept being articulated. We'll take these on case-by-case. Is the IHWAP agreement in the Policy Manual? Should we be clear in the Policy Manual what we do with this type of agreement / how it is memorialized?

[A]: No, it is a stipulation on the SAG website.

[Ted Weaver] Supports the idea. Is there a reason that utilities wouldn't count 100% of the savings, similar to IHWAP?

[Phil Mosenthal] I think it depends on what is being done – if the utility is simply running their own program and there is money out there from a tax credit or whatever that's arguably more of a NTG issue. That's different than jointly funding a new program or collecting federal dollars. In addition to a blanket statement that says utilities are encouraged to leverage, there could be some best practices policies we could agree on – such as integrated one-stop-shop, rather than leaving customers on their own to apply.

[Karen Lusson] There is language in CEJA about leveraging. My point is that there is support for pursuing leveraging and putting that obligation on the

utilities to seek out opportunities to stretch ratepayer dollars. I would disagree with any notion that any grant should automatically translate into 100% energy savings. Those dollar amounts contributed matter in terms of assigning the savings.

[Molly Lunn] The IHWAP agreement says “if the utilities contribute 50%” are stakeholders open to that idea if the utility contributes that much. Is that a starting point?

[Karen Lusson] This is a good starting point to the discussion.

[Thomas Manjarres] How would this actually be put in practice with our co-funding low income programs? My definition being joint utility funding. There is an effort to bring the utilities together for one-stop-shop comprehensive programs but here are competing priorities there as well. Electric utilities can get electrification savings but obviously we’re not interested in pursuing those. Adding this on top makes that answer more complicated – strings attached to the funding. How does that actually get to the customer?

[Molly Lunn] That’s our goal too to be straightforward for customers. For each of these co-funding / outside funding examples it is going to be different. We may not even touch the rebate money; it may go straight from the state to retailers. We as the utility want still to make sure our customers know about those rebates, try to coordinate with the state. Another example is public sector projects. I don’t think that joint programs are all impacted by this.

[Chris Neme] I support addressing this on a case-by-case basis rather than an across the board rule. I think the answer is different for low income and market rate programs. If there is a compelling argument that the utility is what tips the scale, that’s why it needs to be case-by-case.

[Phil Mosenthal] I think I agree, and Jonathan made a comment in the chat about pursuing opportunities that take an effort to develop. Maybe some general high-level principles might help. Once the utilities have a conceptual level idea, they start the conversation with stakeholders.

[Ted Weaver] The challenge is that gas utilities have approved plans with budgets and goals, and so do electric utilities. Those are set based on the costs to deliver. Under one of the federal opportunities, there could be \$1000 federal rebate and only \$500 from Nicor, then it’s not going to add up if we only get 1/3 of the savings, when we thought we were going to claim it all. For many things, capturing the full savings we put in our plans is important.

[Jonathan Kleinman] Phil raises a good point as well. it takes effort to develop the co-funding idea and see if it even feasible before taking to the stakeholders. For example, how are utilities going to engage with customers about tax credits? The utility needs assurance that it’s worth investing the time to put the idea together to even bring to stakeholders.

[Thomas Manjarres] The description you provided sounds like a market transformation (MT) initiative. May be possible to separate it to a MT path to

claim savings. We have existing programs in place to serve customers. The existing program claims their savings like they normally do and the MT savings are the delta between the EE as usual and the additional funds.

[Karen Lusson] In addition to policy that utilities should look for opportunities to leverage dollars and the savings associated with those, additional dollars will be computed on a case-by-case basis with an opportunity for stakeholder consensus, but also referencing factors that should be looked at to make the decision such as the amount of dollar contribution, whether it made the difference on how it is completed, etc.

[Cheryl Watson] Policy manual should make sure there are no loopholes with other offerings.

[David Brightwell] If there is a co-funding opportunity that impacts two utilities, they should both be involved in the attribution discussion.

Follow-up: Create Co-Funding Small Group

- Reach out to Celia Johnson if you are interested in participating (Celia@CeliaJohnsonConsulting.com)
- Co-Funding Small Group will report-back to the Policy Manual Subcommittee at a future meeting (timing TBD)

Policy Proposal: Statewide Potential Study

Joint Stakeholder Proposal – Presented by Chris Neme, Energy Futures Group, representing NRDC

- This is a proposal from NRDC, ICC Staff, NCLC / COFI. The proposal is for the utilities to undertake a statewide efficiency potential study.
- Traditionally the utilities all do their own potential studies and some listen to stakeholder input than others. The policy would move to a single statewide study where all utilities and stakeholders would have even say and input into the study and the underlying assumptions.
- There are several rationales – this policy would ensure study is truly independent; by doing the study all together there could be potential cost savings for the utilities; there would be consistency in approach across studies and territories. Scope of Work would identify potential for each utility's service territory separately. There are quite a number of states that do this single statewide approach.
- **Proposed Policy:** Ameren IL and ComEd agreed to a joint electric potential study in the stipulations; we want to extend to the gas utilities.
- **Proposed Effective Date:** ASAP

[Ted Weaver] I think Nicor is on board with this. What is the timing?

[Molly Lunn] Will have to be soon – we would normally start this process next year, so we'd have to back it up even more if it is going to be joint.

[Ted Weaver] There is language that goes through how the contractor works with parties – we all want them to be fair, but may want to edit. In the evaluation NTG process, the evaluator makes the final recommendation if

there is not consensus. If consensus is reached, then that's the answer, otherwise the contractor makes the decision and it can go to the Commission if that's still not seen as the best answer.

[Ted Weaver] Would be happy to work with ComEd / others to edit language. Often when you do a potential study, there is data collection and a baseline study, are we talking about all of that or just the potential study?

[Chris Neme] Need to consider that. Baseline is a key input for the potential study.

[Phil Mosenthal] Often the scope of work for a potential study is to do the baseline. Obviously to the intent here, to leverage funds and not repeat work is a good one and should apply anywhere. But it all depends – if one utility needs a lot more data collection than others, then we discuss it when the time comes.

[Thomas Manjarres] There is some language here that sounds like contract language. May want to remove some language for contractors, some for the Policy Manual.

[Seth Craigo-Snell] If there is a huge difference in the level of funding to do baseline plus potential or just potential, we have to think about that.

[Jean Gibson] We will look at the language; PG/NSG is still considering whether agree to be part of a statewide study.

[Karen Lusson] Important to give context to why it is being proposed. This is about being cost efficient for ratepayers and also given the electric statute giving utilities the opportunity to show that they can't meet goals due to potential.

[Matt Armstrong] In our stipulation we agreed to statewide electric study and gas was left open, we're open minded.

Follow-up: Create a Potential Study Small Group

- Reach out to Celia Johnson if you are interested in participating (Celia@CeliaJohnsonConsulting.com)
- Small Group to discuss:
 - Policy edits
 - Ted Weaver, Thomas Manjarres, and Rebecca McNish will review language edits for discussion by the Small Group, including whether there is contract language that should be separated for a future contractor agreement
 - Which utilities are in agreement with a statewide potential study
 - Whether a baseline study is also appropriate with the potential study
 - Timing for the study

Program Administration Policy Proposals

Policy Proposal: Single Family Income Qualified (IQ) Eligibility Verification Guidelines

Ameren Illinois Proposal – Presented by Matt Armstrong, Ameren Illinois

- This is a proposal to establish a policy on single family IQ eligibility verification guidelines. The current Policy Manual includes multi-family eligibility verification guidelines.
- At the September Policy Manual meeting, Ameren 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 on October 13 to discuss and edit proposed policy language.
- Ameren agrees with removing bullets 4 and 5.
- **Proposed Effective Date:** ASAP for interim resolution; future discussion through this process on refining policy language

[Molly Lunn] ComEd has a few additional qualification pathways to include; program team is reviewing.

[Chris Neme] Should the policy be modified to think about the low cost and high-cost program buckets, direct install vs. comprehensive? Discuss as a follow-up meeting.

Follow-up: Review Final Draft Policy Language for Interim Resolution

- Participants reached consensus on the interim policy resolution at the October 19th meeting, 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.
- Final Draft policy was circulated on Friday 10/21, requesting final comments by Friday 10/28

Follow-up: Discuss at November Policy Manual Meeting

- ComEd to propose edits to policy.

Policy Proposal: Net-to-Gross (NTG) for Disadvantaged Areas

Ameren Illinois Proposal – Presented by Matt Armstrong, Ameren Illinois

- We hoped to be prepared with some ideas today on how to define disadvantaged areas, but weren't able to get that far yet. We are interested in initial feedback about the policy proposal.
- Next steps – to figure out how many attributes we use to identify an area. Should combinations of criteria be used, is it an OR or AND statement, what other factors and attributes?
- Ameren's work builds on the Champaign County Regional Planning Commission (CCRPC) – they are technically savvy and do the GIS analysis. The idea is to leave the designation portion up to CCRPC as Ameren's independent partner.

[Chris Neme] NRDC and others are appreciative of the thinking in this proposal. It's creative and there are some underlying concepts we support. There is more to talk about.

- 1. How do we define the areas? It needs to apply statewide for the Policy Manual.*
- 2. To which programs/customers would this 1.0 NTG apply? We're sympathetic to the idea of applying to small business customers. But for medium to large businesses located in a disadvantaged area, we're more hesitant. Also concerned with national chains where decision making is at some corporate office that has nothing to do with where the individual store is located.*
- 3. To the extent that the NTG for small business direct install, for example, should be 1.0 in disadvantaged areas. If it is currently 0.9 statewide but 1.0 in disadvantaged areas, should it actually be lower than 0.9 in those other areas because it is a weighted average?*

[Molly Lunn] Isn't part of the proposal that we are under investing in these areas and don't have the great data for these NTG levels. Historically we're trying to offer higher incentives in these communities to get projects but we don't have great data.

[Phil Mosenthal] The NTG values we are using now, based on participant surveys from prior evaluations, we have some data we might be able to stratify.

[Chris Neme] Maybe we need to articulate something in the Policy Manual that the future evaluations would do that analysis comparing disadvantaged areas and non-disadvantaged areas.

[Seth Craigo-Snell] Our thinking is that the primary finding across this kind of work is that there is not strong participation in disadvantaged areas. Very likely that the NTG research underrepresented those areas, question then is how much. Not sure this can be found in prior research studies.

[Molly Lunn] Would it apply to local governments?

[A:] Yes and nonprofits.

[Sy Lewis] How many customers respond to surveys and how many customers are there? Surveys have notoriously low answer rates.

[A:] Celia to follow-up with NTG evaluation examples.

[Ted Weaver] First, how would you tease out the two parts – looking backwards even if you knew they were low income, they wouldn't be statistically significant. Second, how is it measured? The Biden administration created an executive order definition of disadvantaged communities that Nicor has been using. It has 5-6 parts and a way to score those parts. That's what we've been working with. We can share what we've done.

[Laura Goldberg] Agree with the intent behind this. Not sure NTG is the only tool to solve for this, or the most important one. Data is showing there are areas across Illinois that are more disadvantaged. With the data, what are the best alternatives to solve it? NTG is one area we can look at, but there are likely additional tools that are going to help to serve this population.

[Matt Armstrong] More incentives, or marketing, or education or outreach, more investment in those communities – the NTG mechanism can recognize that there probably isn't free ridership in those communities.

[Laura Goldberg] I think census tract is important – ZIP isn't always the right indicator. Census tracts tend to be a better indicator of income across an area.

[Thomas Manjarres] In the Policy Manual we work toward statewide definitions – are we open to utility specific definitions for something like disadvantaged areas? Thinking about the difference between PG and NSG service territories for example.

[Molly Lunn] There are a lot of these definitions. State, Federal, Distressed Communities – which was problematic for Chicago because it defines a municipal level and so we then had to carve up Chicago. There may be differences across the state due to rural considerations. General principles, with methodology left to be based on the data might make sense. As a program administrator it is really hard to do this at the census tract level – customers don't know what census tract they are in. Challenging to market. We could probably show clearly that increased incentives at the ZIP level have made a significant difference. Not just the NTG but also the higher incentive.

[Cheryl Watson] Frontline communities have concerns about the Biden definition.

[Laura Goldberg] NRDC has also heard that. Any one definition can be a problem. Looking for more of a 'such as' general principles rather than strict definitions. Encourage utilities to do more research about their own areas. In terms of census tract, don't see that as a proactive outreach tool but a behind the scenes to help understand the breakdown. We can talk more about that and the challenges.

Follow-up: Create a NTG Disadvantaged Areas Small Group

- Reach out to Celia Johnson if you are interested in participating (Celia@CeliaJohnsonConsulting.com)
- Small Group to discuss:
 - Nicor Gas experience using the Biden Administration definition
 - Feedback on “disadvantaged area” definitions
 - Further policy language refinements

Evaluation Policy Proposals

Policy Proposal: Net-to-Gross (NTG) Clarification

ICC Staff Proposal – Presented by Celia Johnson, SAG Facilitator

- The purpose of this proposal is to clarify Section 8 of the current Policy Manual, that NTG should apply to benefit side including NPV replacement costs. Can evaluators look at this and think about it with your Section 8 edits?

[Zach Ross] Yes, will work on this. May need to redefine the TRC section as well.

Follow-up: Discuss at November Policy Manual Meeting

- Zach Ross, Jeff Erickson, Andrew Cottrell, Chris Neme, and Phil Mosenthal will work on edits and follow-up with the Subcommittee.

Topics for Future Discussion:

- Weighted Average Measure Life Clarification (ICC Staff Proposal) will be discussed at a future meeting; moved due to time constraints
- Raised by ICC Staff: Edits are needed in the current adjustable goals policy, to clarify in which docket gas adjustable goal spreadsheets are filed. They should be filed in the EE Plan docket that the spreadsheet relates to. The current policy mentions filing, but not the forum.

Closing and Next Steps

Celia Johnson, SAG Facilitator

- Next Policy Manual Subcommittee Meeting: Monday, November 7 (9:30 am – 12:30 pm)
- Three Policy Small Groups will be created to discuss:
 1. NTG for Disadvantaged Areas
 2. Statewide Potential Study
 3. Leveraging Co-Funding
 - If you would like to participate in any of the Small Groups, reach out to Celia@CeliaJohnsonConsulting.com

Summary of Next Steps

Electrification Policy Proposals

- ***Interactions Between Electrification and Other Efficiency Measures (Joint Stakeholder Proposal)***
 - Chris Neme to present updated proposal at November meeting
 - Additional follow-up discussion:
 - Review Sam Dent's sample calculation
 - How do ComEd and Ameren Illinois determine the capacity of the heat pump?
- ***Electrification Savings in Cost-Effectiveness (Opinion Dynamics Proposal)***
 - General agreement in meeting that Policy Manual should be edited to reflect "costs as costs" and "benefits as benefits." Evaluators (Opinion Dynamics and Guidehouse) will review current Policy Manual and make proposed edits, including Chris Neme and Phil Mosenthal in review (November meeting).
- ***Electrification Cost-Effectiveness (Ameren Illinois Proposal)***

- Ameren Illinois will consider feedback discussed and follow-up with the Subcommittee at a future meeting, including the suggestion to remove the first paragraph of the policy proposal (estimated in December or January)
- Subcommittee participants to review Policy Manual and consider whether any clarification is needed on how increases in fuel consumption are reflected in the TRC.
- Suggestion during October meeting that the Subcommittee should reach agreement on the earlier electrification issues first, before follow-up on this topic.

Program Administration Policy Proposals

- ***Framework for Claiming Savings from Co-Funded Programs (ComEd Proposal)***
 - Creating a Leveraging Co-Funding Small Group; report back to the Subcommittee at a future meeting
- ***Statewide Potential Study (Joint Stakeholder Proposal)***
 - Create a Statewide Potential Study Small Group; report-back to the Subcommittee at a future meeting

Income Qualified Policy Proposals

- ***Single Family IQ Eligibility Verification Guidelines (Ameren Illinois Proposal)***
 - Final Draft Interim Policy Resolution was circulated on Friday 10/21, requesting final comments by Friday 10/28
 - ComEd to propose additional edits to policy (November meeting)
- ***Net-to-Gross (NTG) Policy for Disadvantaged Areas (Ameren Illinois Proposal)***
 - Create a NTG for Disadvantaged Areas Small Group; report-back to the Subcommittee at a future meeting

Evaluation Policy Proposals

- ***Net-to-Gross Clarification (ICC Staff Proposal)***
 - Zach Ross, Jeff Erickson, Andrew Cottrell, Chris Neme, and Phil Mosenthal will work on edits and follow-up with the Subcommittee, as part of the review of the current Policy Manual discussed regarding electrification cost-effectiveness (November meeting)

Topic for Future Discussion

- Raised by ICC Staff: Edits are needed in the current adjustable goals policy, to clarify in which docket gas adjustable goal spreadsheets are filed. They should be filed in the EE Plan docket that the spreadsheet relates to. The current policy mentions filing, but not the forum. SAG Facilitator to add to policy tracker.