

Proposed Policy for Version 3.0: Diverse Vendor Reporting
Submitted By: National Consumer Law Center (NCLC) and Community
Organizing on Family Issues (COFI)

Question 1: Proposed Policy and Rationale

Briefly describe the policy proposed to be included in Policy Manual Version 3.0, including rationale for why this policy is necessary in Illinois.

Questions to consider:

1. Why does this policy require inclusion in Policy Manual Version 3.0?
2. What unresolved policy issue(s) will be resolved by inclusion in the Policy Manual Version 3.0?

Please be as specific as you can. If you have specific policy language to propose at this time, please include in this template. It is not a requirement to draft policy language in the proposal template. If draft policy language is not included here, you may be assigned to draft proposed policy language for review by the Subcommittee at a future meeting.

Response: In the stipulations approved by the ICC for the 2022-2025 energy efficiency plans, each electric and gas utility has agreed to implement some version of a Market Development Initiative (MDI) that includes, among other commitments, studying the diverse contractor landscape/potential within a utility's service territory (or statewide), energy efficiency contractor training and increasing diverse contractor engagement/hiring. In order to assess the results of these initiatives and track how diverse contractors are faring when it comes to participation in the implementation of energy efficiency programs in Illinois, reporting and consistency in reporting data is critical.

We propose to establish specific reporting metrics related to energy efficiency supplier diversity to enable transparent tracking of the goal to increase opportunities for diverse vendors within the realm of energy efficiency program implementation.

Potential new quarterly reporting metrics could include:

- 1) Number and name of new diverse contractors hired
- 2) Breakdown of category of diverse vendor, as defined under Illinois law
- 3) Dollar value of contracts entered into with diverse vendors, by category, relative to total contract dollars available
- 4) Other metrics to be discussed

Question 2: Utility Impact

Describe whether the proposed policy impacts Illinois gas utilities, electric utilities, or both.

Response: Both electric and gas utilities are impacted.

Question 3: Background Research

Provide any background research completed in preparing this template, including source references and links, as applicable.

Questions to consider:

- 1. Are you aware of other jurisdictions or utilities that address this policy issue?*
- 2. Have any national or regional energy efficiency organizations addressed this policy topic? If so, please provide reports and any other relevant sources.*

Response: We have not conducted any research on this issue per se, but may have more information to share at the time of discussion of this proposal.

Optional Question 4: Commission Decision

Has the Illinois Commerce Commission previously addressed this policy or issue? If so, please provide language and specific citations, including the ICC docket number.

Response: Section 5-117 of the Public Utilities Act (Act) provides:

(220 ILCS 5/5-117)

Sec. 5-117. Supplier diversity goals.

(a) The public policy of this State is to collaboratively work with companies that serve Illinois residents to improve their supplier diversity in a non-antagonistic manner.

(b) The Commission shall require all gas, electric, and water companies with at least 100,000 customers under its authority, as well as suppliers of wind energy, solar energy, hydroelectricity, nuclear energy, and any other supplier of energy within this State, to submit an annual report by April 15, 2015 and every April 15 thereafter, in a searchable Adobe PDF format, on all procurement goals and actual spending for female-owned, minority-owned, veteran-owned, and small business enterprises in the previous calendar year. These goals shall be expressed as a percentage of the total work performed by the entity submitting the report, and the actual spending for all female-owned, minority-owned, veteran-owned, and small business enterprises shall also be expressed as a percentage of the total work performed by the entity submitting the report.

(c) Each participating company in its annual report shall include the following information:

- (1) an explanation of the plan for the next year to increase participation;
 - (2) an explanation of the plan to increase the goals;
 - (3) the areas of procurement each company shall be actively seeking more participation in the next year;
 - (4) an outline of the plan to alert and encourage potential vendors in that area to seek business from the company;
 - (5) an explanation of the challenges faced in finding quality vendors and offer any suggestions for what the Commission could do to be helpful to identify those vendors;
 - (6) a list of the certifications the company recognizes;
 - (7) the point of contact for any potential vendor who wishes to do business with the company and explain the process for a vendor to enroll with the company as a minority-owned, women-owned, or veteran-owned company; and
 - (8) any particular success stories to encourage other companies to emulate best practices.
- (d) Each annual report shall include as much State-specific data as possible. If the submitting entity does not submit State-specific data, then the company shall include any national data it does have and explain why it could not submit State-specific data and how it intends to do so in future reports, if possible.
- (e) Each annual report shall include the rules, regulations, and definitions used for the procurement goals in the company's annual report.
- (f) The Commission and all participating entities shall hold an annual workshop open to the public in 2015 and every year thereafter on the state of supplier diversity to collaboratively seek solutions to structural impediments to achieving stated goals, including testimony from each participating entity as well as subject matter experts and advocates. The Commission shall publish a database on its website of the point of contact for each participating entity for supplier diversity, along with a list of certifications each company recognizes from the information submitted in each annual report. The Commission shall publish each annual report on its website and shall maintain each annual report for at least 5 years.

(Source: P.A. 102-558, eff. 8-20-21; 102-662, eff. 9-15-21; 102-673, eff. 11-30-21.)

The annual reports submitted by the utilities under Section 5-117 of the Act do not specifically call out energy efficiency diverse contractor data. The proposed Policy Manual reporting provision would allow utilities, the ICC and stakeholders to track how the aforementioned efforts and commitments to increase diverse contractor spending in the energy efficiency program area is progressing.

Optional Question 5: Statutory Consistency

Have you reviewed your proposed policy against applicable Illinois law? Are there any possible conflicts? If so, please explain and provide statutory citation(s).

Response: No conflicts are observed with existing state law.

Optional Question 6: Additional Information

Provide additional information, as needed, to assist with understanding the proposed policy issue and your request to include it in the Policy Manual Version 3.0. For example, have any memos been drafted to the SAG related to this policy proposal?

Response: The respective electric and gas utility MDI agreements in the 2022-2025 stipulations approved by the ICC reference specific commitments each utility has made. These agreements provide a framework for the discussion as to what data should be tracked.