IL EE Stakeholder Advisory Group (SAG)
Request for Comments on Potential Compromise for NTG Ratio for Disadvantaged Areas Policy Interpretation Issue
July 29, 2026

Comment Instructions

- Using this template, send written comments to the SAG Facilitator, Celia Johnson: Celia@CeliaJohnsonConsulting.com **by Wednesday, August 19, 2026**.
- Include "SAG Policy Feedback" in the subject line of the email.

Background Information

- **December 2025 Large Group SAG Meeting:** Questions were raised about how Illinois evaluators are interpreting the Net-to-Gross (NTG) for Disadvantaged Areas Policy (from Section 7.4 of the Illinois Energy Efficiency Policy Manual[1]).
- **Utility EE Plan Presentations in Early 2026:** Several stakeholders requested further discussion / understanding of how the policy is being applied.
- **Interpretation by Illinois Evaluators:** 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 Request:** ICC Staff requested the SAG discuss this policy issue, with an opportunity for stakeholder input.
- **Monday, June 8 Large Group SAG Meeting Presentations, posted on the June 8 meeting page:**
    - SAG Facilitator Presentation: Introduction to NTG for Disadvantaged Areas Policy Discussion
    - E Source Presentation: Consideration of Trade Ally Location in Application of the NTGR for Disadvantaged Areas Policy for Ameren Illinois
    - Guidehouse Presentation: Disadvantaged Areas Policy Approach (for ComEd, Nicor Gas, Peoples Gas and North Shore Gas)
- **Request for SAG Feedback:** A request for SAG feedback was circulated following the June 8 Large Group SAG meeting, asking interested SAG participants to answer the following question: *Should the location of a Trade Ally in a utility's service territory be considered when applying the NTG for Disadvantaged Areas policy?*
- **SAG Feedback Received:** The comment deadline was Friday, June 26, 2026. The following written comments are posted on the June 8 meeting page and the Policy page:
    - ICC Staff Comments
    - E Source Comments
    - Guidehouse Memo to SAG: Interpretation of NTG Application for Disadvantaged Communities (DAC Policy)
    - Midwest Energy Efficiency Alliance (MEEA) Comments
    - Natural Resources Defense Council (NRDC) Comments
- **Potential Compromise:** This comment template includes a request to provide feedback on a potential compromise to address the policy interpretation issue. All comments will be posted on the SAG website and circulated to SAG. If needed, a follow-up discussion with interested parties will be scheduled. The 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.

[1] Illinois Energy Efficiency Policy Manual Version 3.1 (effective January 1, 2026)

<u>**Comments Submitted By**</u>

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<u>**Request for Feedback on Potential Compromise**</u>**:**

In written comments submitted in June 2026, ICC Staff supported the location of a Trade Ally in applying the NTG for Disadvantaged Areas policy <u>in the limited circumstance</u> when the end-use measure location is unknown and cannot reasonably be determined from available tracking data. The location of a Trade Ally in a utility's service territory should not, by itself, determine application of the NTG Ratio for Disadvantaged Areas policy. The policy should be interpreted and applied primarily based on the location and eligibility of the end-use Customer or project location where the measure is installed and where the energy savings occur.

Trade Ally location should be considered only where all of the following conditions are met:

1. The end-use Customer or installed measure location is unknown or not sufficiently determinable from available data;
2. The Trade Ally is located in a disadvantaged area;
3. The Program Administrator and Evaluator document the data limitation and the method used to identify the Trade Ally's disadvantaged area status; and
4. The Program Administrator and Evaluator conduct periodic reasonableness reviews or audits, where practicable.

Does your company or organization support this policy clarification as a compromise to address situations where customer end-use data is unavailable? If not, what concerns or alternative suggestions would you like the Large Group SAG to consider?

<u>**Response**</u>**:**

Broadly, E Source supports this policy clarification - that the location of a Trade Ally is not relevant to this policy **except** as a proxy for customer location when customer location is unavailable. This clarification is consistent with the comments we provided on June 26.

However, we observe that the policy could create a perverse incentive for a Program Administrator to claim that customer and/or measure location is unknown or not sufficiently determinable from available data in order to utilize trade ally location for this policy. As such, we'd like to provide our further interpretation of items 3 and 4 in the clarification to ensure alignment between our interpretation and other parties.

Our interpretation of item 3 in the policy clarification is that the referenced "documentation of the data limitation" must be transparently provided in public EM&V reports and must explain *why* these data are unavailable, not simply that data *are* unavailable.

Our interpretation of item 4 is the policy clarification is that the Evaluator must determine the reasonability of the missing data and if the Evaluator determines that it is unreasonable for data to be unavailable, the Evaluator should default to the standard net-to-gross ratio (rather than applying the

NTG for Disadvantaged Areas Policy) and/or fill in the missing information. Non-comprehensive examples of how we imagine item 4 would be applied are as follows:

- If a Program Administrator claimed that customer and/or measure location information was unavailable for a whole home weatherization program (or any other program for which program activities are completed directly by contracted implementation staff on site at the customer location), we expect that the Evaluator would likely determine that this assertion is unreasonable and apply the standard net-to-gross ratio for the program.
- If a Program Administrator claimed that customer and/or measure location information is systematically unavailable for a subset of participation in a given program (e.g. if a Program Administrator provides data showing that location information was available for customers located in disadvantaged areas but unavailable for another large swathe of customers), we expect that the Evaluator would likely determine that this assertion is unreasonable and apply the standard net-to-gross ratio for the program.
- Conversely, for a program following a model for where it is not always typical or reasonable to collect locations (such as a midstream or upstream program), the Evaluator should likely determine that it is reasonable that these data are not collected and apply the NTG for Disadvantaged Areas Policy – but the Evaluator would need to verify that program processes truly reflect this model. For example, if the Program Administrator verified program eligibility by collecting utility account numbers, but claimed that location information was unavailable, the Evaluator should likely determine that it is trivial to determine customer locations via matching account numbers to the utility customer database.