

**Illinois EE Stakeholder Advisory Group
Equity Subcommittee Meeting:
Joint with Income Qualified (IQ) North and South EE Committees**

**Wednesday, July 12, 2023
9:00 am – 12:00 pm
Teleconference**

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Meeting Materials

Materials are posted on the [July 12 meeting page](#):

- [July 12, 2023 SAG Equity Subcommittee / IQ North Committee / IQ South Committee Agenda](#)
- [Ameren Illinois Market Development Initiative Presentation](#)
- [Northern Illinois Utilities' Presentation: Market Development Initiative Research Update](#)
- [ComEd Market Development Initiative Presentation](#)
- [Nicor Gas Market Development Initiative Presentation](#)
- [Peoples Gas & North Shore Gas Market Development Initiative Presentation](#)

Attendees

Celia Johnson, SAG Facilitator
Caty Lamadrid, Inova Energy Group (SAG Meeting Support)
AJ Young, Greenlink Energy Solutions
Abby Brokaw, Illinois EPA
Alan Elliott, Opinion Dynamics
Alex Deeb, Ameren Illinois
Amber Anderson, Walker-Miller Energy Services
Angie Ostaszewski, Ameren Illinois
Annette Beitel, Future Energy Enterprises (IQ South Committee Sr. Facilitator)
Becca McNish, ComEd
Briana Moore, Will County Land Use Department
Carlotta Ruiz-Smith, Ameren Illinois
Chanda Rowan, Nicor Gas
Cheryl Watson, Equitable Resilience & Sustainability LLC
Chris Vaughn, Nicor Gas
Darnell Johnson, Urban Efficiency Group
David Brightwell, ICC Staff
Deb Perry, Ameren Illinois

Dena Jefferson, Franklin Energy
Derek Strutz, The JPI Group
Elizabeth Horne, ICC Staff
Erika Dominick, Walker-Miller Energy Services
Eve Pytel, Franklin Energy
Gabriel Nagy, ComEd
Jahnvi Pydimukkala, SEEL
Jamika Welch, Resource Innovations
Jan Gudell, Elevate
Jarred Nordhus, Peoples Gas & North Shore Gas
Jen Loomis, Opinion Dynamics
Jenna Bagnall, Encolor Consulting
Jillian Zell, Opinion Dynamics
John Carroll, Ameren Illinois
Jonathan Skarzynski, Nicor Gas
Julia Friedman, Oracle
Karen Lusson, National Consumer Law Center (NCLC)
Kari Ross, NRDC
Ken Parker, Community Investment Corp.
Kendra Lee, The JPI Group
LaJuana Garret, Nicor Gas
Lance Escue, Ameren Illinois
Laura Agapay-Read, Guidehouse
Laura Goldberg, NRDC
Lawrence Kotewa, Elevate
Leyah Williams, ICC
Lorelei Obermeyer, CLEARResult
Lorraine Renta, Guidehouse
Marissa Strassel, Muse Community Design (IQ TRM Working Group Facilitator)
Marsha Belcher, Community Action Partnership of Lake County
Mary Hemmer, Senior Services Plus
Mary Johnson, Resource Innovations
Matt Armstrong, Ameren Illinois
Michael Brandt, Elevate
Molly Lunn, ComEd
Nick Arquette, Village of Bensenville
Naomi Davis, Blacks in Green
Nick Bafaloukos, ComEd
Odette Hyatt-Watson, East Central Illinois Community Action Agency
Omayra Garcia, Peoples Gas & North Shore Gas
Philip Halliburton, ComEd
Phil Mosenthal, Optimal Energy, representing IL AG's Office and NCLC
Randy Opdyke, Nicor Gas
Robert Rusteberg, Ameren Illinois
Ron Markus, BCMW Community Services
Ron Siddle, CMC Energy
Selena Worster Walde, Erthe Energy Solutions
Stacia Dreyer, Opinion Dynamics
Steve Pappageorge, Moraine Valley Community College
Tammy Jackson, Ameren Illinois
Ted Weaver, First Tracks Consulting, representing Nicor Gas

Theresa Collins, Senior Services Plus
Thomas Drea, Ameren Illinois
Tim Dickison, Ameren Illinois
Tina Grebner, Ameren Illinois
Tonita S. LeShore, Village of Bellwood

Meeting Materials

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

Opening & Introductions

Celia Johnson, SAG Facilitator

- **Meeting Purpose:** For Illinois utilities to share an update on the progress of their Market Development Initiatives (MDI).
- **Background Materials:** [SAG Equity Subcommittee 2023 Plan](#)
- The purpose of the SAG Equity Subcommittee is to support equity in energy efficiency portfolios, as referenced in 2022-2025 EE Plan Stipulated Agreements.
- SAG Equity Subcommittee meetings will be held jointly with the Income Qualified (IQ) EE North and South Committees. Meetings will include an opportunity for SAG and IQ EE Committee participants to coordinate on discussion of energy efficiency efforts related to equity.

Ameren Illinois Market Development Initiative

Matt Armstrong and Angie Ostaszewski, Ameren Illinois

- **Purpose:** For Ameren Illinois to present a report-out on their Market Development Initiative (MDI)
- **Materials:** [Ameren Illinois Market Development Initiative Presentation](#)

Introduction to Presentation

- The memorialization of the settlement agreements is captured in the stipulation agreement and are an appendix to 2022-2025 Plan. Several of those pages have commitments pertaining to MDI. Ameren will present today on those.
- MDI for Ameren is broken down into workforce development, diverse procurement, and community partnerships. You will hear about our efforts to educate bidders and expand diverse-owned businesses, CBOs and small biz ability to complete, educational and training programs for under-represented groups, and how we've revised our RFP and invitation to bid requirements, among other things.

Karen Lusson, via chat: I think it's important for today's utility presentations to: (1) name the contractors that have been hired; (2) indicate how they meet the definition of diverse contractors (women-owned, minority-owned, vet-owned); (3) whether they are primary or secondary contracts, etc.

Celia Johnson, via chat: Thanks Karen, if that information is not included in the slides today, I can follow-up. Today is an introduction to each of the utility's market development initiatives.

MDI Update

- Goals of MDI initiative, not just for Ameren but also for its entire network of contractors.

- Overview of partnerships 2023 to date. On a quarterly basis data is looked at, program needs are reviewed, and new partners are identified. Newest partner is Macedonia Development Corporation based in East St Louis area.
 - Contracted partners: have a memorandum of agreement with program and a defined partnership with funding and specific deliverables. Originally these contracts were with Ameren, but in 2021 they were shifted to Resource Innovations, who is Ameren's implementation partner.
 - Highlight: ERBA now has 15 staff across territory. When Ameren started with them in 2018, they were working with 2 staff.
- Ameren hired Encolor to help implement inclusive procurement practices. They identified several procurement barriers for diverse firms to engage with procurement.
- Solutions to procurement barriers. Created a communication strategy to amplify Request for Proposals (RFP), and sent the RFP to over 50 trade organizations serving small and diverse-businesses, in and out of the energy efficiency space. Ameren partnered with Walker-Miller and Minority Business Development Center to encourage community to participate in RFP. Ameren also did one-on-one meetings, extended response time period, and provided technical support to explain the process and discuss best practices. As a result, this was the first time for Ameren in receiving an RFP response where all submissions were from diverse bidders. JPI group was selected.
- Hosted first diverse procurement outreach event with Illinois Hispanic Chamber of Commerce and Procurement Technical Assistance Center. Ameren is also partnering with nine (9) organizations for outreach.
- Ameren has been intentionally matching vendors with implementation and community opportunities. Our team sits down with them, we learn about the capabilities of their businesses and interest and then we make them aware when opportunities come up that we believe would be appropriate for them.
- Since 2017 Ameren's diverse supplier (Tier 1 and Tier 2 spend) and program ally spend (actual contractors out in the field that doing the work with customers) has increased, from \$3.8M combined to \$29.9M combined in 2022.

Darnell Johnson: Do you have data to show diverse contractors in a prime role?

Angie Ostaszewski: Our structure in portfolio is we have one prime implementer, but there are several partners that work under that prime implementer. Can you clarify?

Darnell Johnson: Is there data that shows increase in the preparation of contractors that are moving from an ally to prime contractor? There is interest from contractors that are Tier 2 and are looking to move into a Tier 1 role. I want to know if there is a path forward for the contractors that have the capacity and the desire to do this. What does this look like in terms of data?

Angie Ostaszewski: The supplier spend represents those are implementation firms that we contract with to deliver the program. The program ally spend is out in the field doing the in-home work. Typically, a program ally does not become a Supplier or implementer because their skill-set is different.

Matt Armstrong: We have been having discussions around this metric for reporting purposes as part of Policy Manual Subcommittee.

Karen Lusson: Does Resource Innovations count for diverse spend?

Angie Ostaszewski: No, they were previously but they do not qualify anymore under the definition.

- There are interns working under Workforce Development initiative, Ameren is delivering services through SEEL, as well as network of training providers and support partners. This support is at no cost to the employer and it includes job-placement, support to write job descriptions, retention strategies, training. Intern success stories shared.
- Ameren has a writing support team available to assist diverse suppliers with funding opportunities. They help draft grant submission documents, create logic models, mapping teaming agreements.
- Shared a list of resources available through the MDI initiative.

Market Development Initiative Research Update

Nickolaos Bafaloukos and Susan Buck, ComEd; Jonathan Skarzynski, Nicor Gas; and Omayra Garcia, Peoples Gas & North Shore Gas

- **Purpose:** For the northern Illinois utilities to share highlights of recent research completed by Griffin & Strong to inform their Market Development Initiatives.
- **Materials:** [Northern Illinois Utilities' Presentation: Market Development Initiative Research Update](#)

Jonathan Skarzynski, Nicor Gas

- For this presentation we will share background on the scope and feedback that was collected as part of research completed in 2022. We will also highlight recommendations for MDI programs. Later today each utility will touch individually into how those recommendations are being implemented.
- A joint RFP between northern IL utilities was conducted in Summer/Fall of 2022 and Griffin & Strong (G&S) was selected to do research. Utilities tasked G&S to identify barriers of participation faced by disadvantaged communities, estimate availability of diverse firms, and identify best practices to promote opportunities for diverse firms.
- Utilities pushed for key market actor input (implementation contractors, trade allies and COBs) to be part of qualitative research through surveys, one-on-one interviews, and focus groups

Karen Lusson: How are you defining diverse when you say 74 diverse implementers?

Jonathan Skarzynski: Metrics explained.

Darnell Johnson: What is the geography for the 74 implementation contractors?

Jonathan Skarzynski: Geographic scope was focused exclusively in IL for Installation Contractors. For Implementation Contractors we looked at midwestern region (8 states).

Nick Bafaloukos, ComEd

- Some barriers to increased participation from diverse-firms that surfaced from the research include the existence of open vs closed networks, the key performance indicators (KPIs) that are included in contracts, and the pay for performance structure.
- Open networks: Utilities have a list that firms can apply to, and if they meet criteria they are accepted. Closed networks – where utilities work with implementation contractors and they in turn only work with a set group of pre-approved contractors. The reason for

closed networks either has to do with the complexity of the measures that are to be install or because of quality control reasons. Meaning that the utility wants to make sure there is a good set of contractors to deliver the program and do a good work for the customer.

Karen Lusson: Can you provide which programs have closed vs open networks for residential, C&I and income-eligible?

Jonathan Skarzynski: We try to limit the number of closed programs, but it is a measure of consumer protection to ensure contractors have the right certifications and are performing high-quality work.

- A challenge around KPIs is that when contracts are negotiated or KPIs are updated during contract period then this may pose a challenge for smaller subcontractors that are expected to live with these changes in KPIs.
- Utilities pay based on performance or reimburse contractors, as a small firm this can be challenging if they need to float cash.

Odette Hyatt-Watson: What support systems are going to be provided to assist with this? Sometimes minority contractors have a harder time getting loans. How is this barrier addressed?

Nick Bafaloukos: Pay for Performance contract structures protect customers and ratepayer dollars, but the struggle for small firms to float cash is also real. The idea here is to have utilities broker the introduction to financial institutions and be a voice in the conversation.

Chris Vaughn: The Illinois Commerce Commission has acknowledged that Pay for Performance is something they don't deem to be a prudent way to do business. You are using ratepayer funds that are dependent on the solvency of a business so protections must be in place.

Anette Beitel: Two comments in response to Odette. One solution is bulk purchase of equipment this has been tried in Ameren's service territory. This avoids having contractors carry equipment cost. Second solution is a quick pay. Making sure that the work is inspected quickly, and firms are paid in a short period of time (for example 2 weeks). In a typical work the payment delay is 6-8 weeks, but if small contractors are paid within 2 weeks this makes it easier for them to do the work.

Odette Hyatt-Watson: Equipment is indeed a problem. We have tried to give assistance to a minority contractor.

Anette Beitel: I can follow-up with you separately because we have had this happen. I know both Ameren and Leidos are very committed to supporting small and diverse businesses.

Darnell Johnson: As a diverse business, I can attest that there are many nuances and there are many stages where support is needed, and it varies by the company's capacity.

- Additional challenges include the size of the portfolio which may be too large for a small firm to handle. In addition, general liability and cybersecurity requirements might be an upfront barrier for smaller firms. Paperwork burden can also be a problem for small firms.

Anette Beitel: One approach to address size of portfolio is to allow program implementation contractors to do pilots that are local or do a small area. Or to let the diverse firm be the prime and subcontract out other areas of the work that they do not have the capacity for.

Nick Bafaloukos: Each of the utilities in the northern part of IL bid out their entire portfolio at once and the contract is for the duration of the plan. There is no silver bullet but there are ways we can chip at it that will be presented later individually by each utility.

Karen Lusson – via chat: Re: insurance and cyber security requirements, we've known this has been a problem since the IPA portfolio days. The utilities usually point to their parent company requirements. How do we get around that barrier to contracting? Looking forward to hear the proposed solutions.

Amber Anderson – via chat: Access to Capital - provide non-traditional financing resources.

Karen Lusson – via chat: Also, two other complaints I've heard in research for our utility stipulations on diverse contracting / MDI programs is that diverse firms are typically allowed to contract with Tier 1 implementers and not the utility itself. This puts payment, contract terms in the hands of the Tier 1 (non-diverse) contractor and not the utility, putting diverse firms in a position of not establishing relationships with the utility itself. Also have heard about the problem of appropriation of diverse subcontractors' expertise by a Tier 1 (non-diverse) contractor.

Chris Vaughn: Our MDI programs will be evaluated mid-portfolio. We will keep this feedback in mind. We wanted to have more data to pull from within this evaluation. We hope to have something solidified by December 2024.

Omayra Garcia, Peoples Gas & North Shore Gas

- Additional findings related to potential barriers: energy efficiency as a niche industry, and access to capital. Training and mentorship are also barriers, sometimes here is lack of awareness or cost restraints.
- Certifications required is also a problem, many firms self-certify but for various reasons do not go through the formal process. Networking and the lack of relationships to partner with, and then also that some businesses are not aware of organizations that can support them.

Ken Parker: A lot of firms are unaware of diverse certifications, how are you addressing this?

Omayra Garcia: In general, intent is to connect them and expose them to the certification options. Later today, utilities will present each of their initiatives.

Marsha Belcher – via chat: Community Action Partnership of Lake County has difficulty finding free diversity certification trainers. Our community college has discontinued this

offering. Referred us to DuPage Community College. Not good option for Lake County businesses.

- Omayra Garcia will follow-up with Marsha.

Jonathan Skarzynski, Nicor Gas

- Other barriers include awareness about business opportunities. The need to build strategic partnerships, and access to capital.

Annette Beitel: Access to capital it is very time consuming for businesses to get a loan and increases cost of business. Issues with payment can really be addressed if equipment is pre-purchased. For partnerships I'd like to suggest that primary partnership should be with the utility. I'll refer to Ameren/Leidos for an example, as Omy pointed out this is a very niche industry.

Darnell Johnson: On access to capital, I know from personal experience much of the barriers and resistance is meeting the requirements of the funding and financial institution around many years of P&L and information. Getting into energy efficiency business is an expensive business endeavor because of how niche it is.

Annette Beitel: There's been a lot of coverage in the Tribune how it's been difficult and more expensive for diverse contractors to get capital. We need to recognize this channel. We need to be careful about characterizing strengths of diverse businesses.

Karen Lusson: I want to encourage diverse contractors that are on the call and would like to suggest that they do a presentation to this group.

Karen Lusson – via chat: And the suggestions from CBOs and diverse contractors should be taken into account BEFORE MDI plans are solidified.

Naomi Davis – via chat: BIG would like to share experience as utility contractor at the mtg scheduled in October.

Annette Beitel – via chat: It will be helpful to have distinct presentations on challenges faced by small/diverse Trade Allies and separately small and/or diverse implementation contractors.

Karen Lusson – via chat: Who was the diverse implementation contractor who helped shape the program?

Nick Bafaloukos – via chat: ComEd partnered with Walker-Miller to help us shape the program design for MDI.

Annette Beitel – via chat: Two prior studies done in IL on the topic of diverse contracting in IL include a study done by Kelly Shelton and work done by Walker-Miller. Both had sound recommendations that would be helpful to consider.

Darnell Johnson: What is the breakdown from the research from the states reviewed? What % of contracts are going to IL-based firms? Important to look at the dollars staying in IL, vs. out of state.

ComEd Market Development Initiative Update

Susan Buck, ComEd

- **Materials:** [ComEd Market Development Initiative Presentation](#)
- High level overview of current initiative activities.
- ComEd has several objectives to create a Diverse Business Enterprise (DBE) database of vendors and promote broader opportunities. We also want to assist vendors with awareness of tailored financial offerings.
- Several pushes to engage Community-Based Organizations (CBOs) as partners for the program. Our partners are the MDI program administrator, CBOs and energy efficiency implementation contractors.

Naomi Davis: In the evolution of this plank of work, what metrics have already been established and what data has been collected? Can we get previous reports shared via a folder?

Nick Bafaloukos: ComEd already does a lot of reporting outside of energy efficiency initiatives, so we have been leveraging those reports to now transfer over metrics this department. We recognize that this work should not only be for energy efficiency, but also amplify other work. Also, we have our Incubator which is a program that we have been running for several years and we see MDI as an opportunity to amplify this work.

Karen Lusson: I think contractors should present earlier than October.

SAG Facilitator follow-up to meeting suggestions:

- **SAG Facilitator posted links to various resources on the [Equity Subcommittee page](#).**
- **Opportunity for written feedback: If any participants have questions, feedback, or insights to share that relate to the Illinois utility Market Development Initiative offerings, please reach out to the SAG Facilitator (Celia@CeliaJohnsonConsulting.com).**

Nicor Gas Update

Jonathan Skarzynski, Nicor Gas

- **Materials:** [Nicor Gas Market Development Initiative Presentation](#)
- Introduction to Nicor Gas Market Development Initiative (launched in spring 2023), including program overview for 2023.
- Early milestones discussed. Nicor is launching cohorts in July and August for implementation of work. Recruitment already happened.
- Diverse Trade Ally Development program: to support the creation, expansion of diverse businesses. We ask that contractors have two years of experience in general contracting or engineering and design services, they must be licenses and insured.
- There will be several trainings in July and August to engage diverse businesses on Nicor's energy efficiency programs, help them get certifications, create a business plan, and find financing.
- One to one business coaching is provided for 13 weeks we recognize this needs to be individualized. We use open networks for most of our offerings and we only have closed network for very specialized programs.

Eve Pytel – via chat: Can there be additional support after 13 weeks? Often, within the first 13 weeks of an enterprise a business may encounter something new after the support period.

Annette Beitel – via chat: Agree with Eve. Ongoing support is needed. Would also be helpful to have opportunity for peer-to-peer engagement to share best practices.

Jonathan Skarzynski: Yes, the way the program works there is a mentor assigned for a year. The support is ongoing. We also track this long-term progress.

Naomi Davis – via chat: Please share % of overall contractors that the diverse pool represents.

Annette Beitel – via chat: Are you working with Returning Citizens as part of the "underrepresented class" of workers?

- Jonathan Skarzynski: Yes, we are working with returning citizens.

- We want to build wraparound support services for contractors to seek to address barriers to participation.

Naomi Davis: Suggests distinguishing between business support and wraparound services in our conversations. I also would like to see goals around specific types of disadvantaged businesses (woman-owned, BIPOC etc). I would also like to see some mapping.

Chris Vaughn: Nicor's MDI program will be evaluated mid-portfolio. We will keep this feedback in mind. We wanted to have more data to pull from within this evaluation. We hope to have something solidified by December 2024.

Peoples Gas & North Shore Gas Update

- **Materials:** [Peoples Gas & North Shore Gas Market Development Initiative Presentation](#)
- Due to time constraints, Peoples Gas & North Shore Gas did not present. Peoples Gas & North Shore Gas will share an MDI update at the next utility MDI report-out (anticipated Q1 2024).

Closing and Next Steps

Celia Johnson, SAG Facilitator

- As requested during the meeting, SAG Facilitator posted related resources on the [SAG Equity Subcommittee page](#).
- Meeting follow-up questions:
 1. Which utility EE programs have closed vs. open networks for residential, C&I and income-eligible?
 2. From the northern Illinois utilities research presentation, what is the breakdown from the research from the states reviewed? What % of contracts are going to IL-based firms?
 3. From the Nicor Gas presentation, share the % of overall contractors that the diverse pool represents.
- **Opportunity for Written Feedback:** If any participants have questions, feedback, or insights to share that relate to the Illinois utility Market Development Initiative offerings, please reach out to the SAG Facilitator (Celia@CeliaJohnsonConsulting.com). Written feedback is requested by the end of August (**Thursday, August 31st**). The SAG Facilitator will coordinate with the utilities on any comments received.