

# Overview of Legislative Changes with Impacts to Illinois EE Portfolios

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# Introduction

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- The **Clean & Reliable Grid Affordability (CRGA) Act** passed the Illinois House and Senate during the veto session that concluded on October 30, 2025
  - Pending signature by Governor Pritzker
  - Effective date is **June 1, 2026**
  - Includes a variety of changes in law – this overview will focus on legislative updates that impact Illinois energy efficiency portfolios administered by Ameren Illinois, ComEd, Nicor Gas, Peoples Gas and / or North Shore Gas
- Full text of CRGA is available on the [ILGA website](#)

# Legislative Changes Impacting Electric Utility EE Portfolios

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# Electric EE Changes

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## CRGA Electric EE Changes

- See Section 8-103B of the Public Utilities Act
- Changes apply beginning January 1, 2027
- EE Plan refiling deadline is June 1, 2026 – for an updated EE Plan for 2027-2029

## EE Budget

- Increased for both ComEd and Ameren Illinois (electric) – see slide 5

## Low Income Minimum Spend

- 25% of EE budget
  - Previous statutory requirement set specific amounts: \$13,000,000 per year for Ameren Illinois (electric), and \$40,000,000 per year for ComEd

## Savings Goals

- Cumulative Persistent Annual Savings (CPAS) goals eliminated after program year 2026
- Incremental annual energy savings goals in effect beginning with program year 2027
  - ComEd – 2% annual savings goal
  - Ameren Illinois (electric) – ramp up savings over the next 3 years, to reach 2% annual savings goal by 2029
    - 1.4% in 2027
    - 1.7% in 2028
    - 2% in 2029 and every year thereafter

# Electric EE Changes

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## EE Budgets

- For both ComEd and Ameren Illinois (electric)
  - 4.25% for 2026 (no change)
- For ComEd
  - 4.25% for 2027-2029
  - 4.25% + an increase sufficient to account for inflation for each subsequent 4-year EE Plan
- For Ameren Illinois (electric)
  - 4.21% for 2027
  - 5.25% for 2028
  - 6.06% for 2029
  - 6.06% + an increase sufficient to account for inflation for each subsequent 4-year EE Plan
- For EE Plans in effect through 2026 – use the average amount paid per kWh by residential eligible retail customers during calendar year 2015
- For EE Plans in effect beginning in 2027 – use the average amount paid per kWh by residential eligible retail customers during calendar year 2023

# Electric EE Changes

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## Definition of “Incremental Annual Energy Savings”

- “the total electric energy savings from all measures installed in a calendar year that will be realized within 12 months of each measure’s installation”

## Reduced Savings Goal

- May be reduced by 0.025 percentage points for every percentage point increase above the 25% minimum to be targeted at low-income and moderate-income households
  - Goals cannot be reduced 0.25 less than the energy savings requirement applicable to the calendar year, even if low-income and moderate-income spending is greater than 35%

## Modified Savings Goal

- May be reduced if clear and convincing evidence and independent analysis demonstrates a variety of conditions have been met
  - One of the new conditions is “changes in federal law, programs, or tariffs” that “have a significant and demonstrable impact on the cost of delivering measures and programs”

# Electric EE Changes

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## Performance Incentives

- Return on Equity (ROE) – ComEd based on MWh energy savings
- ROE – Ameren Illinois (electric) is split, 100 basis points for MWh energy savings and 100 basis points for peak demand energy savings

## Converting Savings

- Electric utilities can convert gas therm savings achieved from joint programs with gas utilities – 30% for ComEd, 20% for Ameren Illinois (electric)
  - Previous maximum was 10%
- ComEd may only count savings from other fuels when savings are from weatherization measures that reduce heat loss through the building envelope, insulating mechanical systems, or the heating distribution system, including, but not limited to, air sealing and building shell measures
  - Does not impact ComEd's ability to claim savings from electrification measures

# Electric EE Changes

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## Peak Demand Savings Goal – Ameren Illinois

- Establishes a peak demand savings goal for Ameren Illinois (electric)
- Energy savings goal divided by the actual average ratio of kWh savings to coincident peak demand reduction achieved through EE programs in 2023

## Definition of “incremental annual coincident peak demand savings”

- “the total coincident peak reduction from all energy efficiency measures installed in a calendar year that will be realized within 12 months of each measure’s installation”

## Average Savings Life – Ameren Illinois

- Incremental annual energy savings must be achieved with an average savings life of at least 12 years
  - “In no event can more than 1/5 of the incremental annual savings or the coincident peak demand savings counted toward a utility's annual savings goal in any given year be derived from efficiency measures with average savings lives of less than 5 years.”
  - “Average savings lives may be shorter than the average operational lives of measures installed if the measures do not produce savings in every year in which the measures operate or if the savings that measures produce decline during the measures' operational lives.”

# Electric EE Changes

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## **Third Party EE Programs**

- Optional filing
  - Previously required \$25,000,000 for ComEd and \$8,350,000 for Ameren Illinois

## **Definition of “moderate-income”**

- “income between 80% of area median income and 300% of the federal poverty limit”

## **Definition of “lifetime savings”**

- “the total incremental savings that installed efficiency measures are projected to produce, relative to what would have occurred absent to the utility's efficiency programs, over the useful lives of the measures”

# Electric EE Changes

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## **Electrification for Low Income Households**

- 33% of all costs of offering and promoting electrification measures “must be for supporting installation of electrification measures through programs exclusively targeted to low-income households”
  - Requirement may be reduced if the utility can demonstrate it is not possible to achieve due to low-income customer eligibility
  - If reduced, the utility “must prioritize support of low-income electrification in housing that meets program eligibility requirements over electrification spending on non-low-income residential or business customers”
- Previous minimum was 25% for “electrification of end uses in low income housing”, with no opportunity for reduction

## **Electrification Spending Ratio**

- Ratio of spending for low-income SF and low-income MF “shall be designed to achieve levels of electrification savings from each building type that are approximately proportional to the magnitude of cost-effective electrification savings potential in each building type”

# Electric EE Changes

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## Electrification Savings

- Electrification savings goal limit of 20% per year, starting in 2026
  - Previous limit was 5% per year from 2022 to 2025, 10% per year from 2026 to 2029 and 15% per year starting in 2030

## Electrification Bill Impacts

- Prior to installing or promoting electrification measures, the utility must provide customers with estimates of the impact of the new measures on the customer's average monthly electric bill and total annual energy expenses
  - Similar to previous language, with the addition of "promoting"

# Electric EE Changes

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## **EE Formula Rate**

- Changes the calculation of the cost of equity

## **Requirement to Award a Bid Preference for Construction, Installation, or Other Related Services**

- “Award a bid preference of 2% to a contractor if the contractor certifies under oath that the contractor's primary place of business is located within the utility's service area; and
- Award a bid preference of 2% to a contractor if the contractor certifies under oath that at least 85% of the workforce to be utilized for such construction, installation, or other related services reside in the utility's service area.”
- Must report annually to the ICC, including “the proportion of total program dollars awarded to firms that meet the criteria”

# Legislative Changes Impacting Gas Utility EE Portfolios

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# Gas EE Changes

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## CRGA Gas EE Changes

- See [Amendment 5](#), updates to Section 8-104 of the Public Utilities Act
- Changes apply beginning January 1, 2027
- EE Plan refiling deadline is June 1, 2026

## Voluntary EE Plan Budget Increase – Amended Gas EE Plan

- Option to file an amended EE Plan for 2027-2029, increasing the EE budget above the current 2% spending cap
- Amended plan filing deadline – June 1, 2026
- Applicable to Nicor Gas, Peoples Gas and North Shore Gas
- Not applicable to Ameren Illinois (gas)

## If an Amended Gas EE Plan is Filed:

- Minimum public sector spend is 30% of non-residential spending (current EE Plan minimum is 10% of cost-effective EE measures)
- In approving an amended gas EE Plan, ICC will consider 1) policy goals established in existing subsection f of the existing Act and 2) six additional considerations established by CRGA (see Appendix slide 32)

# Gas EE Changes

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## **Definition of “Low Income Households”**

- “Households with incomes at or below 80% of the area median income.”

## **Definition of “Moderate-Income”**

- “Income between 80% of area median income and 300% of the federal poverty limit.”

## **Definition of “Average Savings Life”**

- “(i) the savings that will be realized as a result of a utility's efficiency programs over the lives of all efficiency measures divided by (ii) the savings that will be produced in the first year after such measures are installed.”

# Gas EE Changes

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## **Low Income EE Portfolio Requirements**

- “...leverage existing State and federal low-income weatherization programs and delivery capacity to the extent practicable.”
- “...prioritize contracting with organizations, gov’t agencies, and businesses with a track record of delivering weatherization services in low-income communities in this State to delivery any low-income programs that are not integrated with State and federal low-income weatherization programs.”

# Gas EE Changes

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## **Low Income EE Budget**

- The portion of the entire budget for EE programs that is spent on low-income households shall be:
  - No less than the greater of: (A) 25% or (B) five percentage points more than the proportion of total annual gas sales to non-opt-out retail customers that are consumed by low-income households

## **Weatherization Low Income Spending**

- The portion of low income spending delivered through whole building weatherization programs that comprehensively address building envelope efficiency upgrade opportunities as well as other efficiency measures shall be at least 80%

## **Health and Safety Low Income Spending**

- Utilities shall invest in health and safety measures that are appropriate and necessary for comprehensively weatherizing the single-family and multi-family buildings of low-income households, with up to 15% of income-qualified program spending made available for such purposes

*Applicable to Ameren Illinois (gas) and Nicor Gas*

# Gas EE Changes

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## Low Income EE Budget

- The portion of the entire budget for EE programs that is spent on low-income households shall be:
  - **Peoples Gas:** No less than the greater of: (A) 25% or (B) five percentage points more than the proportion of total annual gas sales to non-opt-out retail customers that are consumed by low-income households
  - **North Shore Gas:** No less than the greater of A) 15% or B) five percentage points more than the proportion of total annual gas sales to non-opt-out retail customers that are consumed by low-income households

## Weatherization Low Income Spending

- The portion of low income spending delivered through whole building weatherization programs that comprehensively address building envelope efficiency upgrade opportunities as well as other efficiency measures shall be at least 80%

## Health and Safety Low Income Spending

- Utilities shall invest in health and safety measures that are appropriate and necessary for comprehensively weatherizing the single-family and multi-family buildings of low-income households, with up to 15% of income-qualified program spending made available for such purposes

*Applicable to Peoples Gas and North Shore Gas, if an updated 2027-2029 EE Plan is filed*

# Gas EE Changes

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## Counting Electricity Savings Towards Gas Savings Goals

- A gas utility may count electricity savings towards gas efficiency savings goals, with the following limitations:
  1. Electricity savings must be the result of the installation of a gas efficiency measure
  2. Electricity savings may only be counted when they are generated in service territories not served by electric utilities subject to Section 8-103B of the Public Utilities Act
  3. No more than 5% of the total gas utility savings goal may be from electricity savings
- A kWh of savings = 0.03412 gas therms

*Applicable to Nicor Gas, Peoples Gas and North Shore Gas if an amended EE Plan is filed*

# Gas EE Changes

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## Establishes an Incentive Mechanism Option

- Gas utility must meet or exceed the following minimum requirements:
    - A. Plan budget must be equal to or greater than 5% of the amounts paid by non-opt-out retail customers
    - B. For 2027-2029, achieve average incremental annual savings of at least 0.7% of total average annual gas sales to non-opt-out retail customers over the years 2023 – 2025
      - This increases to 0.8% for EE Plans beginning after 2029
    - C. Achieve an average savings life of at least 12 years
  - D. Spend at least 67% of all financial incentive dollars on efficiency measures that:
    1. Reduce the space heating loads of buildings through improvements such as to building envelopes, ventilation systems, space heating distribution systems, and space heating system controls;
    2. Reduce the water heating loads of buildings such as through insulation of hot water pipes, recovery and reuse of heat from waste water and reductions in the amount of hot water required to meet customer needs; OR
    3. Reduce the process heat loads of industrial facilities
- Spending on health & safety counts
  - Spending on gas-consuming equipment (furnaces, boilers, water heaters, other) does not count

# Gas EE Changes

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## Large Gas Utility Customers May Opt Out of Multi-Year Plans

- There is an existing exemption provision for large gas utility customers in section (m)
- CRGA establishes an opt-out provision for multi-year plans in a new section (m-1)
  - See m-1 for definition of who is eligible to opt out; does not apply to federal, State, municipal and other public customers
  - Opt-out is for:
    - Utilities that file an amended EE Plan for 2027-2029
    - All utilities for EE Plans beginning Jan. 1, 2030
  - There is a compliance filing for modified plans, to adjust budgets and natural gas savings targets, if necessary, to reflect the final level of customers opting out
- Applicability will be determined beginning after Jan. 1, 2026, using the 12 consecutive billing periods prior to the start of the first year of a multi-year EE Plan
- Customers will have an opportunity to opt-out beginning in mid-2026 – CRGA requires the ICC to provide the notice form with 45 days of the effective date of CRGA

# Other Legislative Changes Impacting EE Portfolios

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# Other Changes Impacting EE Portfolios

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## **Definition of Total Resource Cost (TRC) Test for Both Electric and Gas EE**

- Addition of “avoided societal costs associated with reductions in greenhouse gas emissions”
  - New language: “The societal costs associated with greenhouse gas emissions shall be \$200 per short ton, expressed in 2025 dollars or the most recently approved estimate developed by the federal government using a real discount rate consistent with long-term Treasury bond yields, whichever is greater. Changes in greenhouse gas emissions due to changes in electricity consumption shall be estimated using long-run marginal emissions rates developed by the National Renewable Energy Laboratory's Cambium model or other Illinois-specific modeling of comparable analytical rigor.”

## **On-Bill Financing**

- Program sunsets on January 1, 2027

## **Low Income Energy Efficiency Accountability Committee (LIEEAC)**

- For ComEd’s service territory, if a facilitator is used, the facilitator must be retained by Commission Staff

# Next Steps for SAG

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# Next Steps for SAG

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## Large Group SAG concluded a year-long [Portfolio Planning Process](#) in fall 2024

- 2024 was the third time SAG has facilitated a planning process – this process is referenced in the [IL EE Policy Manual](#) (See Version 3.0, Section 3.9, SAG Review, iii. Draft Portfolio Outlines)
- Purpose of 2024 process was to discuss draft 2026-2029 EE Plans with utilities and interested stakeholders, and for each utility to reach consensus with non-financially interested stakeholders before EE Plan filings
- Final negotiations were held between individual utilities and non-financially interested stakeholders from Nov. 2024 to Feb. 2025
- Statutory filing deadline for 2026-2029 EE Plans was March 1, 2025 – each utility filed a consensus EE Plan, with a stipulated agreement
- 2026-2029 utility EE Plans were approved by the ICC in late summer 2025

# Next Steps for SAG

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## **SAG Facilitator recommends the Large Group SAG repeat the final step of the SAG Portfolio Planning Process**

- **Presenting Draft Updated Plan to SAG**: Each utility that is filing an updated EE Plan for 2027-2029 will be invited to present the draft plan to the Large Group SAG
- **SAG Feedback Meeting**: Opportunity for any interested SAG participant to share feedback on a utility's updated draft EE Plan
- **Confidential Negotiations**: Negotiations between individual utilities and non-financially interested stakeholders will be held following Large Group SAG discussion
  - Negotiations will include parties that signed each utility's stipulated agreement, and those that participated in final negotiation meetings
  - Negotiations will be organized by the SAG Facilitator

# Next Steps for SAG

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## How does this impact the SAG schedule in 2026?

- January – May will focus on 2027-2029 EE portfolio planning, with the majority of the time in confidential negotiations with individual utilities and non-financially interested stakeholders
- June 1, 2026 is the 2027-2029 updated EE Plan filing deadline
- SAG does not hold regular meetings when EE Plan dockets are open at the ICC, unless there is a time-sensitive topic that requires discussion
- An abbreviated 2026 SAG Plan will be presented to the Large Group SAG in June, with an opportunity for feedback

## What else needs to happen due to CRGA?

- IL EE Policy Manual needs to be updated to fix policy language
- SAG Facilitator proposes waiting until after the June 1, 2026 filing deadline to edit the Policy Manual, and only changing the Manual to correct errors due to CRGA
- Updated Policy Manual will need to be re-filed with the ICC for approval

# Next Steps for SAG

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**SAG Facilitator is meeting with individual utilities to discuss potential timeline for updated 2027-2029 EE Plans**

- See slide 29 for ComEd schedule
- Additional information will be shared with SAG soon

# ComEd Schedule

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- **Thursday, December 18 (10:00 am – 12:00 pm):** ComEd presents 2027-2029 updated draft EE Plan
- **Tuesday, January 6 (10:00 am – 12:00 pm):** Interested SAG participants present feedback on ComEd's draft EE Plan
- **Week of January 23:** Final negotiations begin between ComEd and non-financially interested stakeholders that participated in the final 2026-2029 EE Plan negotiations
- **Next Steps:** Additional schedule details will be shared with ComEd negotiation participants

# Contact Information

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## SAG Facilitation: [Celia Johnson Consulting](#)

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# Appendix

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# Gas EE Changes – Appendix

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## Items the ICC will consider in reviewing amended gas EE Plans:

1. Whether the plan identifies a cost-effective portfolio of measures and specifies the natural gas savings that are reasonably likely to be achieved
2. Whether the plan results in portfolio that will provide more natural gas savings than would have been achieved
3. Whether the plan reflects efforts to coordinate with electric EE programs
4. Whether an increase in funding is necessary to meet the proposed increase in EE
5. Whether the plan prioritizes income-qualified measures and weatherization measures
6. Whether the plan strikes a reasonable balance between the following goals:
  - a. Increasing cost-effective efficiency savings and related GHG emission reductions
  - b. Reducing overall gas system costs, recognizing that EE investments reduce usage and the potential need for long-term system investments
  - c. Increasing energy affordability, especially for low income customers
  - d. Prioritizing residential sector investment in weatherization and other measures that reduce heating loads over gas equipment measures
  - e. Providing a diverse cross-section of opportunities for customers of all rate classes to participate in EE programs