

IL EE Stakeholder Advisory Group
Policy Manual Subcommittee
Small Group Meeting: Net-to-Gross (NTG) for Disadvantaged Areas

Wednesday, January 25, 2023
10:00 – 11:30 am
Teleconference

Attendees and Meeting Notes

Meeting Materials

- Meeting materials are available here:
<https://www.ilsag.info/meetings/subcommittees/policy-manual-version-3-0-subcommittee/>
- [Wednesday, January 25, 2023 Meeting Agenda](#)
- [Ameren Illinois Presentation: Disadvantaged Areas Policy Proposal](#)

Attendees (by teleconference)

Celia Johnson, SAG Facilitator
Cassidy Kraimer, Community Investment Corp.
Cher Seruto, Guidehouse
Chris Neme, Energy Futures Group, representing NRDC
Christopher Vaughn, Nicor Gas
David Brightwell, ICC Staff
Erin Stitz, Applied Energy Group (AEG)
Erin Dopfel, Aiqueous
Jeff Erickson, Guidehouse
Jonathan Skarzynski, Nicor Gas
Karen Lusson, National Consumer Law Center (NCLC)
Laura Agapay-Read, Guidehouse
Matt Armstrong, Ameren Illinois
Molly Lunn, ComEd
Omayra Garcia, Peoples Gas & North Shore Gas
Philip Mosenthal, Optimal Energy, representing IL AG's Office and NCLC
Rebecca McNish, ComEd
Seth Craigo-Snell, SCS Analytics
Sy Lewis, Meadows Eastside Community Resource Org
Ted Weaver, First Tracks Consulting, representing Nicor Gas
Tina Grebner, Ameren Illinois
Zach Ross, Opinion Dynamics

Meeting Notes

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

Opening & Introductions

Celia Johnson, SAG Facilitator

Purpose: To follow-up on the NTG for Disadvantaged Areas policy proposal.

- Background and rationale for policy proposal – NTG for Disadvantaged Areas
- Update from Ameren Illinois on policy proposal
- Feedback, Questions, and Next Steps

Ameren Illinois Presentation

Matt Armstrong, Ameren Illinois and Seth Craigo-Snell, SCS Analytics

Policy Proposal and Rationale

- **Proposal:**
 - Programs successfully serving communities identified and designated to be disadvantaged areas will receive a NTG Ratio of 1.0, similar to that for all income qualified programs.
- **Rationale:**
 - Address continuing concerns around equity in program access and participation
 - Acknowledge the additional Marketing Education & Outreach strategies and coordination efforts (with community partners and potential participants) that are needed to serve these disadvantaged areas
 - Encourage utilities to build inclusive programs that will drive customer success and adoption in these communities

Three Issues to Resolve from Previous Discussions

Issue 1: Delineation of Disadvantaged Areas

- As clearly defined as possible in the policy
- Handle each utility service territory separately

Ameren is building on an approach developed by the Champaign County Regional Planning Commission (CCRPC), as part of the Market Development Initiative (MDI). Empower Communities and Low Income Needs Assessment work was done by Opinion Dynamics.

Three variables:

1. Income qualification (% of households below 300% federal poverty level (low and moderate income)
2. Diversity (% non-white, including Hispanic and Latino)
3. Health (% asthma)

Phil Mosenthal: Is this the same definition used for lighting?

- *A: No, that is a separate agreement.*
 - *The following definition is used in the IL-TRM, relative to stores designated as IQ for lighting sales – “if it is a retail store that is closest to a*

community with a zip code that has 65% of family households with an income less than or equal to 299% of the Federal poverty level for their household size.”

- *Phil Mosenthal: We should have a single definition of “disadvantaged areas.”*
- *Molly Lunn: ComEd has a different way of defining at this time. It may not need to be the same; utility territories are different.*
- *Chris Neme: How you define non-white, or % of people with asthma, not sure why that would be different among service territories. Understand more conversation may be needed.*
- *Molly Lunn: ComEd has an existing definition we use right now to offer higher incentives. We are concerned about changing this definition right now, if it would mean that some communities wouldn’t qualify. Right now, ComEd doesn’t include non-white or % asthma.*
- *Cher Seruto: The new Bipartisan Infrastructure Law will be using a specific criterion nationwide – curious if we should piggy back on the same metric and not re-invent the wheel.*
- *Molly Lunn: For zip codes where more than 50% of customers qualify as low income, ComEd will offer higher incentive levels. We characterize these as “disadvantaged communities.” For municipalities, it is 50% of the zip codes for low income. For the City of Chicago, we go zip code by zip code. We used to use the state’s definition of “distressed communities”, but it is complicated.*
- *Ted Weaver: Nicor Gas is delivering some low income services, but is not implementing anything yet for higher incentives. We have a tool that uses the federal definition. We think it’s the same definition as the Justice 40 initiative, will double-check. The definition has multiple components, and multiple metrics. There is a weighting across metrics, to give a score for each census tract.*
- *Omy Garcia: Will follow-up on whether PG/NSG uses a specific definition.*

Information shared during meeting regarding other definition examples:

- Federal Justice 40 Initiative:
 - <https://www.energy.gov/sites/default/files/2022-07/Final%20DOE%20Justice40%20General%20Guidance%20072522.pdf>
 - <https://energyjustice.egs.anl.gov/>
 - Bipartisan Infrastructure Law will use this criterion.
 - Some funding sources require x% to be given to "disadvantaged communities.”
- Illinois Solar for All Tool:
 - <https://elevate.maps.arcgis.com/apps/webappviewer/index.html?id=cfd020c99ed844668450c6b77eacb411>
 - The Illinois Power Agency and Elevate Energy, implementer of Illinois’ Solar for All program, have identified environmental justice communities in Illinois based on a methodological framework established in the Long-Term Renewable Resources Procurement Plan. These communities were designated as such through a calculation utilizing the U.S. EPA tool EJ Screen and a demonstrated higher risk of exposure to pollution based on environmental and socioeconomic factors.

- In addition to communities which were identified as environmental justice communities using the framework in the Long-Term Renewable Resources Procurement Plan, groups or individuals may also submit a proposal to request that their community be designated as an environmental justice community. See <https://www.illinoissfa.com/environmental-justice-communities/>
- ICC Credit and Collections Dashboard
 - <https://www.icc.illinois.gov/industry-reports/credit-collections-and-arrearages-reports/monthly-dashboard>
 - Dashboard shows high energy burdens via disconnection notices, disconnections, arrearages of 30 days or more, late fees, etc.
- Illinois Statutory Definitions
 - “Environmental justice communities” means the definition of that term as used and as may be updated in the long-term renewable resources procurement plan by the Illinois Power Agency and its Program Administrator in the Illinois Solar for All Program.
 - “Equity investment eligible community” means the geographic areas throughout Illinois which would most benefit from equitable investments by the State designed to combat discrimination. Specifically, the equity investment eligible communities shall be defined as the following areas:
 - (1) R3 Areas as established pursuant to Section 10-40 of the Cannabis Regulation and Tax Act, where residents have historically been excluded from economic opportunities, including opportunities in the energy sector; and
 - (2) Environmental justice communities, as defined by the Illinois Power Agency pursuant to the Illinois Power Agency Act, where residents have historically been subject to disproportionate burdens of pollution, including pollution from the energy sector.
 - Shared by Karen Lusson: The reference to environmental justice and equity investment communities is in the electric performance-based regulation statute, which requires utilities to create a metric that:
 - (iv) Achieve affordable customer delivery service costs, with particular emphasis on keeping the bills of lower-income households, households in equity investment eligible communities, and household in environmental justice communities within a manageable portion of their income and adopting credit and collection policies that reduce disconnections for these households specifically and for customers overall to ensure equitable disconnections, late fees, or arrearages as a result of utility credit and collection practices, which may include consideration of impact by zip code.
 - An affordability metric was agreed to and ordered by the Commission in both the Ameren and ComEd performance-based regulation metric dockets that incentivizes the utilities to reduce disconnections in the top 20 zip codes with the highest disconnection rates by around 34% over the four-year PBR period.

Focusing EE efforts in these areas (on the residential end) will help the utilities achieve that goal.

Chris Neme: What is Ameren's proposal for identifying the "disadvantaged area"? How would these pieces fit together?

- *Seth Craigo-Snell: One of the motivations for Ameren's proposal is to try to address the likely under-participation in business programs. We are looking at small business activity over the past 5 years.*

Proposed Delineation Approach (Slide 5)

- Normalize each variable across its own range, within Ameren's service territory
- Determine how to combine the three variables
 - Exploring both establishing a threshold for any single variable, and establishing a threshold for 2 or more variables

Chris Neme: Not sure it makes sense to look at specific service territories. It seems like we should define "what is a high asthma rate" in general, "what does a low income population look like" in general. If one of the utilities has more in their service territory, that's ok.

- *Karen Lusson: Need to make sure we are not reinventing the wheel. There are Illinois-specific definitions in statute.*
- *Seth Craigo-Snell: It's important to use a definition that can be operationalized in the programs.*
- *Ted Weaver: There are several IL-specific definitions. Does Karen have a proposal for which should be used?*
- *Karen Lusson: "Equity investment eligible communities" includes "environmental justice communities" and "R3 communities." Perhaps the "equity investment eligible community" definition is the one to use because it is broader.*
- *Seth Craigo-Snell: What is the geographic unit used?*
- *Karen Lusson: The Solar for All tool designates per zip code or town. Would need to check on whether there is a similar ability to identify R3 areas.*

Ameren Illinois Small Business Initiatives Analysis

- Analysis on slides 6-7 shows there is EE under-performance in Ameren's small business program in disadvantaged areas
- *Karen Lusson: Very useful information. Is this analysis available for residential customers?*
 - *A: Not on the residential side. Not for other business programs. The analysis could be expanded. We need to come to a stronger alignment of designation of areas first.*
 - *Karen Lusson: Encourages completing a similar analysis for residential customers.*
 - *Chris Neme: Does Ameren have the ability to differentiate among business size?*
 - *A: Possibly yes.*

- *Zach Ross: The overwhelming majority of nonresidential AIC accounts fall into the smallest rate class. I would be extraordinarily surprised if filtering the analysis on rate class would change the findings in any meaningful way.*
- *Chris Neme: Can you also do this analysis for the volume of sales for the small business rate class? Interested in the rebate per volume of sales was a lot smaller.*
 - *A: Will look into this.*
- *Chris Neme: If you removed asthma from this analysis, do the results change?*
 - *A: Will look into this.*

Follow-up:

- Determine how to define “disadvantaged area” and for what customers; is it a statewide definition, or utility-specific?
 - It would be helpful for participants to understand what definitions each of the utilities is using, if any, for “disadvantaged area”, and for what purpose
 - SAG Facilitator to create “1 pager” describing current definitions used, for IL utilities, federally, and at the state level in Illinois
 - Follow-up in second small group meeting
- NRDC interested in additional analysis 1) using the volume of sales for the Ameren Illinois small business rate class and 2) removing asthma from the analysis.

Issue 2: Implications for NTG

- Concern about existing values
 - Underrepresentation of program activity already leads to estimated values that are more representative of non-disadvantaged areas
- Assurance about future values
 - Important point, but not a major concern: Careful design of evaluation
 - sampling
- Comment: NTG is not the only mechanism of importance
 - Agreed, but this is an efficient leveraging of an existing policy/evaluation tool to encourage the kind of additional targeting and engagement that is necessary to encourage real change
 - Builds on the success of the Residential IQ NTG policy

Zach Ross: I would be hesitant to re-segment studies that were designed without those segments. Levels of free ridership are quite low for small business direct install to begin with.

- *Chris Neme: Agreed, not suggesting re-analysis. Suggesting if there is a NTG for a program that is 0.9, and we know the historic participation is 10% disadvantaged areas, it's a pretty simple math equation. This can be done without additional analysis.*
- *Phil Mosenthal: Agrees it makes sense to look at residential and small business areas. Concerned about automatic assumption that disadvantaged area = NTG*

of 1.0. For example, the retail lighting program. If we move forward with this policy, it's going to be important to continue to study NTG for some of these programs.

- *Jeff Erickson: Agrees small business typically has high NTG values. What are the boundaries of the programs we are talking about? It could be a large industrial program. The sample is typically small in that situation. **Defining the programs that apply is crucial.***
- *Zach Ross: Think about how this policy proposal will interact with the existing policy that low income NTG research is not needed.*
- *Molly Lunn: There may be opportunity beyond small business.*
- *Ted Weaver: This policy would encourage utilities to get more resources into these communities, the NTG for 1.0 policy provides additional savings. Concerned about making the math too complicated.*
- *Phil Mosenthal: Concerned about using this for industrial programs, or programs with other national chains.*

Follow-up:

- **Need to define programs that the policy would apply to.**
- **How will this policy proposal interact with existing NTG policies, including the policy that low income NTG research is not completed unless there is consensus?**

Issue 3: Eligible Business Customers

- Concern about large customers
- Concern about national chains

Closing & Next Steps

- Small Group Meeting week of February 20th

Summary of Follow-up Items

- Determine how to define “disadvantaged area” and for what customers; is it a statewide definition, or utility-specific?
 - It would be helpful for participants to understand what definitions each of the utilities is using, if any, for “disadvantaged area”, and for what purpose
 - SAG Facilitator to create “1 pager” describing current definitions used, for IL utilities, federally, and at the state level in Illinois
 - Follow-up in second small group meeting
- NRDC interested in additional analysis 1) using the volume of sales for the Ameren Illinois small business rate class and 2) removing asthma from the analysis.
- Need to define programs that the policy would apply to
- How will this policy proposal interact with existing NTG policies, including the policy that low income NTG research is not completed unless there is consensus?