

IL EE Stakeholder Advisory Group
Policy Manual Subcommittee
Small Group Meeting #2: Net-to-Gross (NTG) for Disadvantaged Areas

Monday, April 17, 2023
9:00 – 11:00 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/>
 - [Monday, April 17, 2023 Meeting Agenda](#)
 - [Ameren Illinois Presentation for Disadvantaged Areas Meeting](#)

Attendees (by teleconference)

Celia Johnson, SAG Facilitator
Andy Vaughn, Leidos
Bruce Liu, Nicor Gas
Cher Seruto, Guidehouse
Chris Neme, Energy Futures Group, representing NRDC
Chris Vaughn, Nicor Gas
David Brightwell, ICC Staff
Erin Dopfel, Aiqueous
Jonathan Skarzynski, Nicor Gas
Karen Lusson, National Consumer Law Center (NCLC)
LaJuana Garret, Nicor Gas
Laura Agapay-Read, Guidehouse
Mike King, Nicor Gas
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
Seth Craigo-Snell, SCS Analytics
Sharon Mullen, Guidehouse
Sy Lewis, Meadows Eastside Community Resource Org
Ted Weaver, First Tracks Consulting, representing Nicor Gas
Victoria Nielsen, AEG
Zach Ross, Opinion Dynamics

Meeting Notes

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

Ameren Illinois Presentation

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

Policy Proposal and Rationale

- **Opportunity:**
 - Better serve disadvantaged communities across the utility service territory, improving equity and inclusion.
- **Evidence:**
 - 1) Empower Communities research and
 - 2) Analysis from January 2023 Working Group meeting of Ameren Small Business Program data 2018-21, showing disparity
- **Proposal:**
 - Apply NTG ratio of 1.0 to business programs that successfully serve disadvantaged communities.
- **Rationale:**
 - Incentivizes programs to more proactively target disadvantaged communities
 - Acknowledges additional marketing, education & outreach needed to serve these areas, including coordination with community partners and potential participants
 - Encourages programs to meet unique customer needs
- **Small Group Discussion:** We need to define what those disadvantaged areas are; determine which types of business programs the NTG ratio of 1.0 would apply to

Defining Disadvantaged Areas

- At the January meeting, Ameren presented analysis on modification of an approach developed by CCRPC, prior to the Empower Communities study – to develop an index that would identify disadvantaged community areas. We used small business data from Ameren’s program, from 2018 – 2021. The finding – with relatively small fraction of disadvantaged communities identified, there was a small amount of spending on business programs in those areas.
- Criteria for Defining Disadvantaged Areas
 - 1- Use an established method (we don’t want to reinvent the wheel)
 - 2- Need a method that is robust, accurate, appropriately identifies the areas of need
 - Existing methods have a strong reliance on residential data
 - Policy would be applied to business customers
 - Empower Communities Study provides some guidance (study focused on four communities- Decatur, Monmouth, East St. Louis, Southern rural counties)
 - 3- Well-documented, easily understood, transparent
 - 4- Continuity / access / adjustable / stakeholder engagement
- This is a statewide policy proposal; there may be some differences to consider in northern IL

Eligible Business Customers

- IL Solar for All – EJ Communities (based on the environmental indices)
 - There are socioeconomic indices that are separate from the environmental indices
 - Using only the environmental indices, the results are limited in some areas of the state
 - Using the socioeconomic indicators, the results align more closely
- Illinois R3 Communities
 - R3 method was designed to represent areas of high need, underserved communities that have been disproportionately impacted historically by disinvestment, as well as violence indicators
 - Results are more limited in southern rural communities; coverage seems more tied to urban areas
- Federal – Climate and Economic Justice (from Nov. 2022)
 - This is arguably the most comprehensive approach. It combines 6+ indicators, with sub-categories. Climate, energy costs, health indicators, etc. combined with income
 - *Ted Weaver: The way Justice 40 is developed is by sorting every community (census tract) in the U.S., and then select the most disadvantaged of a certain %. The other indicators select the most disadvantaged communities within Illinois. This method results in less communities falling under the definition.*
- Recommendation for Delineation of Disadvantaged Areas:
 - Climate and Economic Justice Designation (Nov. 2022)
 - IL Solar for All (using socioeconomic indicators)
- Recommended Eligibility
 - All small business program participants AND
 - In other business programs
 - DS-2 Customers (small general delivery for Ameren electric)
 - DS-3A Customers (general delivery greater than 400 kW for Ameren electric)
 - We might miss opportunities if we only focus on the small business program participants
 - Slide 13 includes a list of examples DS-3A customers
 - It has been suggested before that customers that are national chains are more sophisticated about energy efficiency; however, we should consider there may not be investment in stores located in disadvantaged areas
 - *Chris Neme: Does slide 13 include the number of accounts in targeted areas? Interested in how many accounts this represents, and the annual sales.*
 - *Seth Craigo-Snell: These are the number of accounts overall in Ameren's service territory. We have not yet identified how many of these customers are located in disadvantaged areas.*
 - *Chris Neme: Decisions on whether to make investments are often not associated with individual (big box) stores, instead those decisions come*

from regional headquarters. The location of stores wouldn't necessarily be a driver on investment decisions.

- *Phil Mosenthal: I believe this is correct. However, it may depend on whether a store is a franchise or not.*
- *Matt Armstrong: One of the findings from the Empower Communities study in their interviews with CBOs was a community in East St. Louis that had only one grocery store. Prices at that store were higher. The higher prices are likely a reflection of higher costs. Prices aren't necessarily consistent across chain stores. We are interested in approaching this from a whole community perspective; lowering operational costs could lower prices for customers.*
- *Chris Neme: Need to be cautious about various food prices, could be impacted by a variety of things.*
- *Chris Neme: Open to the idea that municipal buildings might be appropriate to also include, may be larger than the categories of customers (from slide 13).*
- *David Brightwell: Agree on municipalities. Concerned that incentives for EE would not impact other costs.*
- *Sy Lewis: Local stores have been given federal incentives, and those offerings did not trickle down to have an impact on the community. I don't think there would be a trickle-down effect.*
- *Seth Craigo-Snell: This policy is aiming to create an incentive at the program level for customers. Those customers would still need to come to the table.*
- *David Brightwell: Do we know what the current NTG results are? Would it be possible for evaluators to ballpark what the NTG would be in these areas?*
 - *Zach Ross: This is technically possible, but may not be advisable. Since participation in these communities has been significantly lower.*
 - *Ted Weaver: Also keep in mind these customers in these areas are severely underrepresented. The ones already participating are the early adopters; they would likely have a high NTG ratio. Bringing in new customers supports a higher NTG ratio.*
- *Phil Mosenthal: Did a previous slide show 20% currently participating?*
 - *Seth Craigo-Snell: The 20% over the time period reviewed (2018-2021) is scaled on a per customer basis. This is a striking disparity compared to non-disadvantaged areas (which is 80%).*
- *Ted Weaver: There are challenges to take into account when targeting chain stores.*
 - *Seth Craigo-Snell: Almost all of those would be DS-3A customers, where the building itself is owned by an individual or group. The question is whether you include*

- national chains or not. If national chains are excluded, it should focus on the larger customers (DS-3A).*
- *Phil Mosenthal: It might be difficult with DS-2 customers to separate out chains vs. non-chains. The DS-3 customers seem less deserving of the special NTG treatment.*
 - *Chris Neme: How does this compare with ComEd's rate classes?*
 - *Molly Lunn: These categories line up with ComEd. Back to the national chains conversation, observing there is some guessing about the chain stores. This policy could encourage direct connection with national chain representatives, and encouraging them to focus on disadvantaged communities. Amount of sales is another reason why an EE investment will or will not be made.*
 - *Phil Mosenthal: What customers are eligible for small business programs? May want to have a policy at the program-level.*
 - *Less than 400 kW*
 - *Molly Lunn: Can Ameren clarify who would be eligible under this policy?*
 - *Seth Craigo-Snell: The proposal is a NTG of 1.0 for all small business program participants. In addition, all other business programs would be eligible for this policy, in the customer sizes DS-2 and DS-3A – if a project occurs in a disadvantaged area. In projects outside of those areas, the NTG would be whatever is agreed to in the SAG annual NTG process. There would also be a need to identify other business programs, limited by customer size. This would not allow large custom projects to fall into this definition.*
 - *Molly Lunn: ComEd offers a higher incentive in disadvantaged areas. Perhaps this is also something that could be considered.*
 - *Ted Weaver: For gas, the rate classes aren't the same as electric. For gas, only allowing this policy for the small business program would have a limited impact. It would be important to include other rebate opportunities for gas.*
 - *Karen Lusson: My recollection from years ago was that part of a franchise agreement includes free service to municipal buildings.*
 - *Molly Lunn: Lots of municipal customers have franchise agreements. However, there are still ways to work with them.*
 - *Chris Neme: Does the size distinction matter for local governments? Or should there be a local government approach to determine whether they are in a disadvantaged area?*
 - *Molly Lunn: ComEd will review the proposed qualification methodology, may propose edits for local government / municipal customers.*

Interactions of this Policy with Other NTG Policies

- *Existing Low Income NTG Policy:* This policy proposal is only for business programs, therefore does not interact with the existing NTG policy that low income programs have a NTG of 1.0.
- *Existing NTG Research Policy:* No restrictions. Adjustments will be required to measure NTG ratios in non-disadvantaged areas.

Summary of Recommendations

- Delineation of Disadvantaged Areas:
 - IL Solar for All – Socioeconomic Indicators
- Eligible Customers:
 - Small Business Programs AND
 - DS-2 and DS-3A customers in all other business programs

Closing & Next Steps

- Next small group meeting: Monday, May 1 (1:30 – 3:00 pm).

Summary of Follow-up Items

1. Utilities and stakeholders to review Ameren Illinois proposal and follow-up in May 1st meeting
2. ComEd will review the proposed qualification methodology, propose edits for local government / municipal customers
3. Future analysis may be needed to identify how many business accounts the new policy would impact in disadvantaged areas, and the annual sales (NRDC question)