STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission	)	
On Its Own Motion	)	
	)	20-NOI-01
Notice of Inquiry Regarding	)	
Energy Affordability	)	

Initial Comments of the Citizens Utility Board

The Citizens Utility Board (CUB) provides this response to the Illinois Commerce Commission's Notice of Inquiry ("NOI") to examine the affordability of utility services, and the impact on affordability of current programs and measures. CUB appreciates the opportunity to submit comments on the crucial topic of affordability of utility service for Illinois ratepayers, and applauds the Illinois Commerce Commission for initiating this discussion and information sharing at such a crucial time.

Affordable utility service remains out of reach for many Illinoisans. The COVID-19 pandemic has undoubtedly intensified this crisis, as exemplified by the recently extended moratorium on disconnections for eligible low-income residential customers.[1] Thus, there is no more appropriate time to address the issue of utility insecurity – the inability to retain utility service connections due to inability to pay. The heath and economic effects of the pandemic have disproportionately affected low income and black and brown communities, and has caused unemployment to reach record highs. The impact of disconnecting economically disadvantaged and struggling customers who lack the financial means to pay both current bills and accumulated arrearages during a pandemic will be severe. And the situation is unlikely to see marked improvement for many months, if not years to come. Residences that lack utility service are uninhabitable. In addition, school and day care closures, job furloughs, permanent job losses, closed assistance agencies, and COVID-19-related health crises are just a sampling of the life changes low-income families, in particular, are experiencing. Electricity is critical for e-learning and job searching, and we are on the precipice of winter months when access to home heat is essential. It is within this context of threatened public health and welfare and economic insecurity that the Commission and stakeholders must consider the very important questions in this Notice of Inquiry ("NOI").

[1] Illinois Commerce Commission, "State Regulated Utility Moratorium Extended through Winter 2021 for Eligible Customers," September 22, 2020, https://www.icc.illinois.gov/home/covid-19.

In addition to answering the questions below, CUB would like to draw particular attention to two looming issues for expanding equitable utility affordability to Illinois ratepayers. The first concerns alternative retail electric and gas suppliers. According to the Office of Retail Market Development's Annual Report for 2020, alternative retail electric suppliers have cost Illinois ratepayers more than $1 billion since 2015.[2] A huge barrier to energy assistance program effectiveness is high supply rates for many residential customers, especially low-income households. The Home Energy Affordability and Transparency Act helped to protect households receiving Low Income Home Energy Assistance Program (LIHEAP) benefits from predatory supply rates; however, not all eligible households actually receive LIHEAP benefits. Additionally, many households that receive alternative supply service and do not qualify for energy assistance are unaware of the often significant overcharge from their supply rate compared with the utility Price to Compare. Without better consumer protections when it comes to supply choice, residential customers will continue to overpay, and programs that seek to enhance utility affordability will fall short of their potential.

Secondly, peak electric load has a tremendous impact on total system costs and affordability. Looking at the country as a whole, it has been noted that "even a 5% reduction in peak demand in the United States could lower consumer energy costs by at least $3 billion a year."[3] Affordability should not be considered only in the context of programs that exclusively affect income qualified customers. When it comes to peak load, income qualified customers may pay disproportionate capacity costs, subsidizing higher users with higher incomes. CUB conducted a study of electric usage data from 2.5 million Illinois customers and found that "flatter load shapes were more likely in urban and low-income areas, with high-volume, peak usage more likely in high-income/suburban areas."[4] While energy efficiency and demand response programs should be available to all customers, targeting price responsive demand programs to higher-income households would lower costs for all and provide much needed relief for low-income customers.

In the answers below, we identify several overarching themes across existing utility affordability initiatives: little coordination between programs, resulting in higher administrative costs and inefficient savings for customers; a lack of customer participation thresholds, resulting in lower customer participation and inadequate

[2] This does not include customer losses to alternative retail gas suppliers. The amount cited adds up numbers from several annual reports, but the most recent report included is "Illinois Commerce Commission Office of Retail Market Development 2020 Annual Report," July 2020, https://www.icc.illinois.gov/icc-reports/report/AnnualReportOfficeOfRetailMarketDevelopment.

[3] Ahmad Faruqui, Ryan Hledik, Sam Newell, and Hannes Pfeifenberger, "The Power of 5 Percent," *The Electricity Journal*, 20 (2007): 68-77, https://www.sciencedirect.com/science/article/abs/pii/S1040619007000991.

[4] Jeff Zethmayr and Ramandeep Singh Makjiha, "Six unique load shapes: A segmentation analysis of Illinois residential electricity consumers," *The Electricity Journal*, 32 (2019), https://www.citizensutilityboard.org/wp-content/uploads/2019/06/ClusterAnalysisFinal.pdf.

consumer education; and an absence of affordability metrics in program evaluation and assessment. Addressing these gaps will remain a challenge as Illinois seeks to expand utility affordability for all. But this is an important conversation that needs to happen particularly at a time of economic crisis.

CUB bases these comments on its experience with Illinois utility customers over decades of consumer advocacy, and, like all stakeholders, continues to evaluate the changing circumstances – and the customer data resulting from it – in the wake of the pandemic to develop its policy positions and recommendations. CUB's failure to address any issue herein should not be interpreted to foreclose CUB from addressing these issues in future comment rounds.

All Interested Persons

Section C: Definitions

1. **How should the following terms be defined? Are there federal or other state standards or guidelines that more clearly define these terms?**

    a. **Affordability**

Affordable utility service should be defined as utility costs that do not exceed 6% of a household's income. A household energy burden of 6% is considered the gold standard, nationally, for energy affordability. The IL Energy Assistance Act considers 6% of household income within "the range of affordability" and sets this as the goal of the Percentage of Income Payment Plan (PIPP). Affordability can be affected by any combination of bill payment assistance, energy efficiency measures, and/or distributed generation. The Illinois Commerce Commission should define affordability as an energy burden at or below 6%.

    b. **Low-Income**

Low-Income should be defined as at or below 300% of the Federal Poverty Level (FPL). The US Dept. of Health and Human Services, in the Low Income Home Energy Assistance Program (LIHEAP), has long defined low-income as 200% FPL. Illinois recently increased our Energy Assistance Act's definition to match that level. Stakeholders including utilities and advocates found that bill payment assistance in response to the COVID crisis should be available to households up to 300% FPL. The Future Energy Jobs Act makes income-qualified energy efficiency programs available to households up to 80% of the Area Median Income (AMI). Area Median Income varies

throughout the state, but in many cases is roughly equivalent to 300% FPL.[5] The federal poverty level is used in a wide variety of government programs, such as Head Start, Medicaid, and Supplemental Nutrition Assistance Program (SNAP). The Commission should define Low-Income as 300% FPL to maximize public understanding of and coordination between the fullest possible range of private and publicly funded financial assistance programs.

c. Critical Medical Needs Customers

Critical Medical Needs Customers should be defined as households in which a) a member requires uninterrupted power to run a medical care device, refrigerate prescription medications, or maintain contact with their physician, for whom a loss of power could be life-threatening, or b) a household in which a member suffers from a medical condition that prevents them from relocating in the event of a loss of heating, cooling, lighting or water due to disconnection of gas, electric or water service.

e. Disconnection

Disconnection should be defined as an action taken by the public utility that stops the flow of natural gas, electricity, or water to a customer's meter.

f. Displacement

Displacement was one of several terms specifically identified in the NASUCA/NARUC resolution which is cited in the NOI. The resolution calls for an exploration of all circumstances that arise when "a customer once disconnected...does not ever reconnect to service at the same address."

Critical Medical Needs Customers are partially defined by an inability to relocate in response to a disconnection. A more robust term might be "disconnection-related housing or utility service displacement," and would encompass multiple eventualities.

Displacement should be defined as any circumstance in which a utility account holder, following disconnection of gas, electric or water service, a) permanently moves out of that *premise*, whether by choice or through eviction, regardless of the subsequent destination or subsequent utility account status, or b) fails to reconnect utility *service* at the current premise or any other premise, regardless of whether or not they remain at the same location.

[5] This is not always the case in Metropolitan Statistical Areas, or HUD Metro Fair Market Rent area, where 80% AMI is often higher than 300% FPL.

g. Reconnection

Reconnection should be defined as an action taken by the public utility that causes the flow of natural gas, electricity, or water to a customer's meter to resume after having been disconnected.

h. Vulnerable Customers

Vulnerable Customers should be defined as customers who:

a) are listed on the utility's Life Support Registry in accordance with the Public Utilities Act, have submitted a Certificate of Illness in accordance with IL Admin Code Part 280 within the past 24 months, or have critical medical needs as defined by the Commission at the end of the NOI process, or:
b) have received financial assistance towards their utility bill from LIHEAP, from the utility, or from any charitable program; or
c) live in a census tract that has been designated an environmental justice area or which meets accepted criteria to be considered a low-income tract.

2. Are there other undefined terms that are critical to understanding utility service affordability and/or the ability of customers to receive essential levels of electric, natural gas, water and sewer services and, if so, how should such terms be defined?

The term "energy burden" is critical to understanding affordability. In public discourse, energy burden is generally understood to be the percentage of a household's income that is spent on energy bills. Because Illinois utilities usually bill customers monthly, and monthly household income is considered by the Illinois LIHEAP Program, the Commission should formally define energy burden as the percentage of a household's monthly gross income that is spent on all energy used for heating, lighting, water heating, cooking, or any other forms of household activity or appliance, delivered to the household's primary residence.

Low income households bear a disproportionate energy burden. The Illinois Energy Assistance Act sets affordable gas and electric utility bills at 6 percent of monthly income.[6] However, low income Illinois families pay 13% on average, compared

[6] 305 ILCS 20/18 (b)(2).

with high income families who pay 2-3%.[7] Energy insecurity impacts communities of color at higher rates, with disparate health impacts as compared with white households.[8]

Another term that deserves further clarity is "equity." As referenced in the Notice of Inquiry, equity is defined in the Public Utilities Act as "the fair treatment of consumers and investors," with numerous specifications therein.[9] The eight provisions of equity outlined are valiant principles, and not always easy to uphold, especially if there are varying interpretations of how they should apply. The NOI also cites the Commission's regulatory action prescribed by the Administrative Code as intended "to establish fair and equitable procedures."[10] Equity does not mean equal - it means fair. Enormous imbalances in equity affect Illinois ratepayers daily, including racial inequity, socioeconomic inequity, and geographic inequity. Each of these factors, among many others, mean utility rates impact members of a single customer class disproportionately.

Section D: Information Collection and Reporting

1. **Please identify any changes that could be made to current information reporting requirements that would better inform the Commission regarding service affordability and/or the ability of customers to receive essential levels of utility services including the entities that should be required to provide the information. In your response please also address the format of such information collection, the authority for compelling the production of such information, and how the information should be publicly reported.**

The Commission should require accurate monthly reporting on disconnections, deferred payment arrangements and reconnects state-wide, by utility, zip code and service classification. The data points from the Stipulation in Docket No. 20-0309 should be included in permanent ongoing data collection for each public utility, to be submitted annually to the Commission. The following data points - at a minimum - should be tracked by month and included in the annual report in order to effectively set baselines and track trends in affordability:

1. The number of customers, by customer class;
2. The number of customers, by customer class, disconnected;

[7] Jeremiah Bohr and Anna C McCreery, "Do Energy Burdens Contribute to Economic Poverty in the United States? A Panel Analysis," *Social Forces*, 99 (2020): 155–177, https://doi.org/10.1093/sf/soz131.
[8] Sonal Jessel, Samantha Sawyer, and Diana Hernandez, "Energy, Poverty, and Health in Climate Change: A Comprehensive Review of an Emerging Literature," *Frontiers in Public Health*, 7 (2019): 357, https://doi.org/10.3389/fpubh.2019.00357.
[9] 220 ILCS 5/1-102(d). "Fair" is open to interpretation, and can perhaps explain a historical imbalance.
[10] 83 Ill. Admin. Code 280.5.

3. The number of customers, by customer class, receiving disconnection notices;
4. The number of customers, by customer class, assessed late payment fees or charges;
5. The number of customers, by customer class, under existing deferred payment arrangements;
6. The number of customers by customer class, completing deferred payment arrangements;
7. The number of customers, by customer class, enrolling in new deferred payment arrangements;
8. The number of customers, by customer class, renegotiating deferred payment arrangements;
9. The number of customers taking service under existing medical payment arrangements;
10. The number of customers completing medical payment arrangements;
11. The number of customers enrolling in new medical payment arrangements;
12. The number of customers renegotiating medical payment arrangements;
13. The number of by customers, by customer class, with required deposits with the company;
14. The number of customers, by customer class, required to submit new deposits or increased deposits;
15. The number of customers, by customer class, whose required deposits were reduced in part or foregone; and
16. The number of customers, by customer class, whose deposits were returned in full.

This data collection will be important to examining whether marginalized communities are being disproportionately impacted by unaffordability of essential utility services, and could be helpful in understanding additional impacts of energy assistance and energy efficiency programs. The optimal way of providing this information is in the form of comma-separated values (CSV) files, or alternatively in native format or spreadsheet that is manipulable.

Section E: Assistance Programs

1. **What assistance programs are available to residential customers that help them pay for utility service and receive a continuous supply of essential utility services and how effective are these programs?**

Energy assistance programs available to residential customers include the Low Income Home Energy Assistance Program (LIHEAP) and LIHEAP Percentage of Income Payment Plan (PIPP), as well as utility-funded programs.

The NASUA/NARUC resolution points out that federal LIHEAP funds only assist one-fifth of eligible households, with an average annual grant of $458 (FY18). Illinois wisely channels ratepayer funds to support LIHEAP as well. As such the IL LIHEAP and IL LIHEAP PIPP served 251,421 households in 2019 with an average grant amount of $588.

Despite this, those assisted still face affordability challenges. DCEO reports that current recipients of LIHEAP/PIPP benefits still face energy burdens between 8% and 44%, even *with* assistance. Preliminary steps have been undertaken to boost grant amounts to high energy burden households, but this cannot be done on a large enough scale without significant restructuring.

Some in need do not qualify for the program. Federal LIHEAP funds cannot be awarded to undocumented households. The state of Illinois recognizes this unmet need and the 2020 Budget Implementation Plan (BIMP) temporarily allows state LIHEAP funds to be spent on grants to undocumented households, but this should be made permanent. The LIHEAP program requires extensive documentation around all members living in the premise which some find burdensome and/or invasive. Some low income households prefer not to share the details of how they earn their money or who they cohabitate with, for countless reasons.

In addition to the LIHEAP Program, investor-owned utilities also run their own financial assistance programs. Ameren's Warm Neighbors, Cool Friends programs, ComEd's CARE residential hardship programs, Share the Warmth from Peoples Gas/North Shore Gas, Nicor Sharing and Illinois American Water's Help 2 Others program all strive to fill gaps left by the LIHEAP program. These programs reach households without social security numbers, and households at incomes higher than the LIHEAP cutoff.

Whether one's water and sewer utility is under private or public control has tremendous bearing on utility affordability. A 2017 analysis by the Chicago Tribune found that Chicagoland customers with private water service paid rates that were 20 to 70 percent higher than public water utilities.[11] A 2016 study by Food and Water Watch found that Illinois ratepayers paid 95% more with private water service than public systems, or an extra $286 per year.[12] Illinois' 2018 Water Privatization Act allows investor-owned utilities to pay for the costs of acquiring municipal water and sewer

[11] Ted Gregory, Cecilia Reyes, Patrick M. O'Connell, and Angela Caputo, "Same lake, unequal rates: Why our water rates are surging - and why black and poor suburbs pay more," *Chicago Tribune*, October 25, 2017, http://graphics.chicagotribune.com/news/lake-michigan-drinking-water-rates/index.html.
[12] Food & Water Watch, "The State of Public Water in the United States," February 2016, foodandwaterwatch.org/insight/state-public-water-united-states.

systems by charging their existing ratepayers.[13] Privatizing utility service is an increasingly attractive option for municipalities across the state, especially in the wake of the COVID-19 pandemic, and working toward affordability for investor-owned water utility customers will be of utmost importance.

2. What changes could make the programs more effective?

Self-certification for eligibility is a good start to making these programs more effective. This would eliminate administrative and logistical barriers to customers in need receiving available financial assistance. An auditing process could be established to ensure the program is not being misused.

There is also potential for better leveraging of energy assistance and efficiency programs. It is more likely that someone is going to be applying for energy assistance and not know about energy efficiency than the other way around. The PIPP Act requires participants to be informed of their energy efficiency and demand response options at the time of enrollment, but there are no accountability measures to ensure this procedure is being followed.[14]

Alternately, the Commission could consider requiring the utilities to enroll LIHEAP accounts in free programs automatically where appropriate. This provision should be made more explicit and include cross-eligibility, collaborative applications, easy ways to sign-up, and should ensure this works for multi-family building customers also so that their whole building and unit can get needed energy efficiency improvements, with reporting on results. The Commission should require utilities to ensure that PIPP customers receive any and all utility-funded free energy efficiency products and services available to them. DCEO shall ensure that PIPP customers are evaluated for IHWAP and report on the IHWAP application and eligibility rate for their PIPP population.

3. Identify appropriate criteria for evaluating program effectiveness.

One method for making assistance and efficiency programs more equitably distributed is to subject programs to a Commission-enforced customer threshold rate. For California's Alternate Rates for Energy (CARE) program, which involves a discount for households under 200% Federal Poverty Level, the law directs the California Public Utilities Commission (CPUC) to "work with electrical and gas corporations to establish

[13] 220 ILCS 5/9-210.5(d).
[14] 305 ILCS 20/18(a)(9).

penetration goals."[15] In recent years, the program has reported an 84% enrollment rate among eligible households in the state.[16]

4. **What portion of the eligible population is served by existing assistance programs?**

Many who qualify as eligible cannot access energy assistance. In 2019, LIHEAP served just 199,944 households with the traditional grant and 30,164 households with the LIHEAP PIPP. In contrast, 12.1% of all Illinois residents, 1,520,618 people, live in poverty in Illinois.[17] Many energy burdened households cannot complete a LIHEAP application due to lack of physical mobility, lack of transportation, lack of time away from work, or lack of access to electronic application options.

6. **Are there programs not currently available in Illinois, including programs adopted in other states, that could increase affordability and/or the ability of customers to receive essential levels of electric, natural gas, water and sewer services?**

California's Alternate Rates for Energy (CARE) program implements a 20-35% discount on utility bills for households under 200% FPL, as well as master-metered multi-family buildings in which at least two-thirds of the tenants have household incomes under 200% FPL.[18] Customers may self-certify as financial hardship customers to be eligible, a provision which tremendously expands program accessibility.[19] Customers currently enrolled in a public assistance program that has a lower financial eligibility threshold than the CARE program need only complete a single application for any CPUC-approved assistance program.

Section F: Credit and Collections Practices

1. Please identify and describe best collection practices and how existing collection practices can be improved.

[15] California Public Utilities Code, 739.1(d): https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=PUC&sectionNum=739.1.
[16] "California Alternate Rates for Energy," November 2015, https://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/Support%20Programs.pdf.
[17] United States Census Bureau, "QuickFacts: Illinois," https://www.census.gov/quickfacts/fact/table/IL/AGE295219.
[18] Provisions of the CARE program are outlined in California's Public Utilities Code 739.1: https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=PUC&sectionNum=739.1.
[19] For an example of one of the California utility-administered customer eligibility audit processes, see PG&E, "CARE post-enrollment verification," https://www.pge.com/en_US/residential/save-energy-money/help-paying-your-bill/longer-term-assistance/care/post-enrollment-verification/care-program-main.page.

2. Please identify and describe any concerns regarding privacy associated with collecting, storing and/or sharing of consumer information.

3. Within the following subjects as they relate to affordability, please identify and describe practices/concepts that are currently working well, areas that can be improved and ideas/plans for improvement:
    a. Communications/Outreach
    b. CSR tools to identify consumer budget needs/challenges
    c. Encouraging payment
    d. Referrals to Community Services
    e. Privacy and Consumer concerns about sharing data

Section G: Energy Efficiency Measures

1. **What current utility energy efficiency programs aimed at increasing the affordability and/or the ability of customers to receive essential levels of electric services are available and how effective are they?**

Illinois' pathway to utility affordability must include energy efficiency. Efficiency is a proven method to bring costs down for all. The question then is how to increase the efficacy of energy efficiency programs and measures, maximizing savings for ratepayers.

The residential energy efficiency programs that receive electric investor-owned utility funding fall into several sub-programs, with different terms according to utility. The Future Energy Jobs Act substantially increased funding from ComEd and Ameren Illinois (Ameren) into income qualified efficiency programs, defining "low-income households" as "households at or below 80% of area median income."[20] The utilities contribute funding to the Illinois Home Weatherization Assistance Program (IHWAP) and operate separate utility income qualified efficiency programs. The IHWAP funded jointly through federal, state, and utility funds will be referred to as the "utility-braided" program, and the separate utility income qualified programs will be referred to as the "utility-only" programs.[21]

Ameren and ComEd have different definitions for low-income households. Ameren "defines low income customers as those with household incomes less than 200% of federal poverty guidelines and moderate income customers as those with

[20] 220 ILCS 5/8-103B(c).

[21] Additionally, ComEd refers to its income qualified energy efficiency program as the "Income Eligible" program, whereas Ameren refers to theirs as the "Income Qualified" program.

household incomes between 200% and 300% of federal poverty guidelines."[22] Eligibility for ComEd's income eligible programs is open to households "with income at or below 80% of the Area Median Income."[23]

Discrepancies in eligibility guidelines begin to exemplify the difficulties inherent in attempting to consolidate programs with separate funding streams and purposes. IHWAP receives federal and state funding and defines eligibility according to FPL, which is uniform nationwide. The statute cited above expands this eligibility in the context of the utility-only program to 80% Area Median Income ("AMI"). As noted previously in the "Definitions" section, 80% AMI roughly corresponds with 300% FPL, but importantly, this is not always the case for Metropolitan Statistical Areas (MSA) or HUD Metro Fair Market Rent (FMR) areas, where 80% AMI is often significantly higher than 300% FPL.[24] Disparities in cost of living between urban and rural areas, or other geographic differences, are not accounted for in FPL. However, using an eligibility standard that changes according to location significantly complicates program administration.

Another challenge within the income qualified energy efficiency programs is federal restrictions on equipment use. According to IHWAP guidelines, contractors cannot use equipment to service households which exceed the 200% FPL parameter. Ameren divides its programs into customers at or below 200% FPL, which for single-family is implemented by the community action agencies that implement IHWAP. Customers at or below 300% FPL, which is implemented by Ameren trade allies, the equipment guidelines are not a known problem. For ComEd, which directs all single-family income qualified customers below 80% AMI to their local community action agency, customers that technically qualify based on income often cannot be served if their local agency has not purchased separate equipment for the utility-only program.[25] Utility income qualified programs also impose administrative challenges on the community action agencies which implement IHWAP, including frequent reporting and separate cost savings accounting mechanisms.[26]

A significant portion of customers with high energy burdens rent, but are left without energy efficiency options. IHWAP does not serve single-family renters, and depending on a customer's region, IHWAP may not be available if they live in a multi-

[22] Opinion Dynamics, "Ameren Illinois Company 2019 Residential Program Impact Evaluation Report," April 30, 2020, https://www.icc.illinois.gov/docket/P2020-0477/documents/299865.
[23] Guidehouse, "Joint Utility Single-Family Retrofits - Income Eligible Impact Evaluation Report," April 24, 2020, https://www.icc.illinois.gov/docket/P2020-0475/documents/300880.
[24] This is the case for the Chicago MSA, but is the case statewide in the Bloomington FMR area, DeKalb County, Grundy County, Kendall County, Peoria MSA, and St. Louis MO-IL FMR area, among others.
[25] CUB is aware of only a handful of community action agencies which have purchased separate equipment to use for the ComEd income eligible program.
[26] Opinion Dynamics, "Memorandum: AIC Income Qualified Initiative – Community Action Agency Interview Findings," February 24, 2020, https://s3.amazonaws.com/ilsag/AIC-IQ-CAA-Study-Findings-Memo-FINAL-2020-02-24.pdf.

family building due to service agency capacity. The utility-only programs continue to underinvest in affordable multi-family programs, lacking an accountability structure for proportionate allocation. Renters are left to the mercy of their landlord when it comes to energy efficiency investment. Creating more energy efficiency options for renters, with joint utility implementation, and connecting energy assistance participants with efficiency measures, would more equitably allocate resources to multifamily residents.

The current structure of energy efficiency programs does not incentivize adequate consumer education, to the deficit of income qualified customers. In areas where utility territories overlap, the utility income qualified programs do not always coordinate, leaving customers in the dark about their eligibility for measures provided by the other utility.

There are so many competing implementation contractors who may only want to promote their own program to meet their goals, and there are no accountability mechanisms to ensure customers are being matched with the best program to meet their needs. Contractors implementing market-rate programs do not screen for income, and may not inform customers of more comprehensive measures in an income qualified program. CUB has heard from many customers who were income qualified and participated in market rate energy efficiency programs. One could point to the savings that that customer received through a market rate program, but that customer's savings were not as substantial as they could have been, and many of the utility market rate programs involve a customer co-pay, which may be large depending on the measure. Having multiple contractors involved in one program also complicates the quality control process, involving excessive inspections of work that can be burdensome for low income households.[27]

Customer education is particularly important when it comes to the on-bill financing program. Customers participating in IHWAP receive energy saving retrofits at no cost, but for a customer who doesn't qualify for or is not informed about IHWAP, the substantial upfront costs of energy efficiency equipment often leads to purchases that are cheaper in the short run, but costlier over their lifecycle. Stricter accountability mechanisms when it comes to program cross-promotion would improve customer education and affordability.

2. **What energy efficiency information, surveys or other data are available that address the effect of utility energy efficiency program participation on affordability and/or the ability of customers to receive essential levels of electric services?**

Utility energy efficiency programs are evaluated according to metrics that do not account for actual customer savings or affordability. Including an affordability metric in

[27] Opinion Dynamics, "Memorandum."

ratepayer-funded evaluation reports would clarify how energy efficiency programs are serving utility affordability.

In compliance with Public Act 96-0033, the Commission approved a one-time evaluation of the energy efficiency on-bill financing program offered by ComEd, Ameren, Nicor Gas, Peoples Gas, and North Shore Gas.[28] However, the evaluation prepared by Cadmus measured cost-effectiveness by applying the Utility Cost Test, measuring the savings benefits against the utility's costs, not the customer's.[29] The program was never evaluated according to a participant's individual net benefit. Because the program does not require bill neutrality based on measure life and electricity rate at the time of enrollment, it is unclear as to whether the program is meeting its potential in regard to affordability.[30] Additionally, the on-bill financing program is not required to provide ongoing data on program performance outside of the general utility energy efficiency program evaluation process. The on-bill financing program should have separate reporting metrics, including number of disconnections as a result of defaulted loans.

4. **What changes could be made to utility energy efficiency programs to make them more effective at increasing the affordability and/or the ability of customers to receive essential levels of electric services?**

As discussed earlier in Section E: Assistance Programs, it is much easier to meet customers applying for energy assistance than those seeking energy efficiency. Behavioral economics studies have examined how the human brain responds to stress and deviates from an assumed behavior pattern, proving the need for programs to be carefully designed around ease of access.[31] Energy efficiency, a concept that revolves around delayed gratification, can be difficult to convey to customers with more urgent priorities. There is certainly room for improvement in the joint promotion of energy assistance, efficiency, demand response, and solar programs, all of which have the potential to substantially increase affordability for customers.

One energy efficiency technology that remains under-deployed relates to the category of whole-building retrofits. Direct install measures, such as light bulbs and showerheads, can save customers some money and achieve utility goals, but they are not as comprehensive as the weatherization and HVAC measures also available for low-income customers. For example, in the middle of the program year in 2019, Ameren's Income Qualified Single Family program stopped providing home energy

[28] 220 ILCS 5/16-111.7(g) and 220 ILCS 5/19-140(g).
[29] Cadmus, "Illinois On-Bill Financing Program Evaluation," June 1, 2015: 32, https://www.icc.illinois.gov/docket/P2011-0689/documents/230270.
[30] An alternative, consumer-forward cost-effectiveness accounting mechanism can be found in Hawaii's On-Bill Financing program: https://puc.hawaii.gov/energy/on-bill-financing.
[31] Robert French and Philip Oreopoulos, "Applying Behavioral Economics to Public Policy in Canada," September 2016, https://www.nber.org/papers/w22671.

audits with blower door and combustion testing, instead putting customers "on a waitlist for building envelope and HVAC retrofits in 2020 if such opportunities exist."[32] The program year evaluation listed 2,038 customers as having "full participation" with both direct install and building envelope or HVAC measures, and 1,612 customers as having direct install measures only.[33] Prohibiting customers from accessing more comprehensive measures that should be available under utility portfolio offerings inflates program administrative costs at the expense of customers.

Section H: Distributed and Community Solar

1. **What distributed and community solar programs are currently available to customers that increase affordability and/or the ability of customers to receive essential levels of electric services, how effective are the programs at achieving these objectives, and what changes could make the programs more effective?**

The Future Energy Jobs Act created two state-run solar incentive programs, the Adjustable Block Program (ABP), also known as Illinois Shines, as well as the Illinois Solar for All program.[34] The Adjustable Block Program includes incentives for rooftop and community solar. The Illinois Solar for All program includes four sub-programs: the Low-Income Distributed Generation Incentive, the Low-Income Community Solar Project Initiative, the Non-Profit and Public Facilities program, and the Low-Income Community Solar Pilot Projects program. Both programs can potentially increase affordability for customers, though effectiveness towards this goal varies by sub-program according to program guidelines.

A central issue is that neither program is required by statute to address energy affordability. FEJA directed Solar for All contracts to "produce energy and economic benefits, at a level determined by the Agency to be reasonable, for the participating low income customers."[35] The Illinois Power Agency interpreted economic benefits to mean that customers should not pay any upfront costs, and ongoing costs and fees may not exceed 50% of the value of the energy produced. This is a very legalistic interpretation that is difficult to convey to interested customers.

Some Illinois Solar for All Approved Vendors are marketing offers that do not charge customers any costs or fees, upfront or ongoing. These vendors may deem the Solar Renewable Energy Certificate values from the program to be generous enough to provide solar installation services at no cost. These offers are much easier to

[32] Opinion Dynamics, "Ameren Illinois Company 2019 Residential Program Impact Evaluation Report," 32.
[33] Ibid., 34.
[34] Illinois Power Agency, "Long-Term Renewable Resources Procurement Plan: Final Revised Plan," April 20, 2020, https://www.icc.illinois.gov/docket/P2019-0995/documents/298859.
[35] 20 ILCS 3855/1-56)(b)(2).

understand for customers. It is unclear to CUB why a simpler standard for tangible economic benefits was not adopted for the Illinois Solar for All program, given the enhanced SREC values of the program.

The current program terms are difficult to understand for customers. While there are many significant consumer protections in the programs, some glaring openings make it difficult for customers to clearly understand offer terms. The ABP does not require Approved Vendors to guarantee savings, let alone guarantee a set savings threshold. Thus, someone could easily sign up for an offer and have to pay more than what they would have paid with regular utility service.

Some Alternative Retail Electric Suppliers whose customers sign up for a community solar subscription do not plan to credit those customers for the full supply net metering value of the energy that their share produced in a billing cycle.[36] This compromises a customer's potential savings with a subscription, because many community solar contracts assume the customer will be fully credited on their utility bill. Thus, some customers will be paying more to community solar providers than they are receiving in bill credits, making community solar less affordable and compromising the consumer benefits of the state solar incentive program.

While customers who can afford to finance rooftop solar panels would receive a substantial return on investment with the joint application of the Federal Solar Investment Tax Credit (ITC), State Solar Renewable Energy Certificate (SREC), and utility net metering, the ABP guidelines do not require vendors to inform customers about ownership options. The ABP customer complaint database indicates numerous cases of customers frustrated by the lack of information provided by vendors regarding system purchase.[37]

Another barrier to accessing the savings through Solar for All is the program's website. If you are visiting the website for the first time it is difficult to determine who you would need to contact to get a quote. Once you do navigate to the Approved Vendor directory, it is difficult to determine which companies are operating in your area. The website should be updated to be more user friendly. Specifically, there shouldn't be so many layers of the website to navigate through before a customer can find out if they qualify and find out who to contact to get a quote. Additionally, some of the language should be made clearer. For instance, instead of using "Distributed Generation," the website should say "Residential solar." This is only one of many examples where the website would benefit from clearer language.

Solar for All has funding for grassroots education, which CUB feels is a great way to get the word out about the program. However, one of the significant barriers between connecting interested participants with Solar for All Approved Vendors is that there is no

[36] This refers to the future, as CUB is unaware of any ABP or Illinois Solar for All community solar project that has been energized at this time.

[37] "Illinois Power Agency Solar Programs Consumer Complaint and Disciplinary Actions Annual Report – 2019," March 2, 2020, https://www.icc.illinois.gov/downloads/public/edocket/517445.pdf.

mechanism to do this, other than supplying interested customers with a large list of all Approved Vendors. This is unduly burdensome for low income customers and must be fixed if the program is to be accessible.

The Future Energy Jobs Act specifies one of the objectives of the Illinois Solar for All program as "to integrate, through interaction with stakeholders, with existing energy efficiency initiatives, and to minimize administrative costs."[38] However, there are no channels in the program to correspond substantially with energy efficiency programs. The program administrator prepared a Program Resources Guide, a compilation booklet outlining some efficiency and affordability programs which is distributed to Approved Vendors. To CUB's knowledge, this is the only established or systematic connection with energy efficiency for the Illinois Solar for All program.

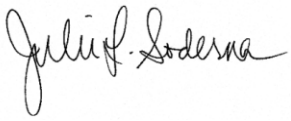
2. **Are there programs not currently available in Illinois, including programs adopted in other states, that could increase affordability and/or the ability of customers to receive essential levels of electric services?**

Better leveraging energy efficiency programs alongside solar programs would significantly improve savings for low income consumers. Connecticut's Solar for All program requires participants to undergo a home energy audit.[39] The program is also a public-private partnership that combines marketing financing, allowing more eligible participants to access net savings benefits.

Conclusion

CUB again appreciates the opportunity to share our experience and views on these issue of critical importance and looks forward to continuing the conversation around affordability issues with the Commission and stakeholders.

September 30, 2020



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[38] 20 ILCS 3855/1-56)(b)(2).
[39] Connecticut Green Bank, "Solar For All Program Creates Savings for Homeowners," https://ctgreenbank.com/solarforall/.