## **SAG Financial Conflict of Interest Policy – Proposed Update for 2024**

**DRAFT for SAG Review (1/10/24)**

SAG is an advisory body that was created in 2008 by direction of the Illinois Commerce Commission. SAG is a forum that allows participants to express different opinions, better understand the opinions of others, and foster collaboration and consensus. Participating in SAG is an opportunity for Illinois utilities and interested stakeholders to work together to discuss progress towards meeting energy efficiency portfolio goals, as well as a variety of policy and technical issues related to energy efficiency.

Participation in the majority of Large Group SAG, SAG Subcommittee, and SAG Working Group meetings is open to all interested participants, to encourage discussion by stakeholders representing a variety of interests. However, there are situations where participation is limited to Illinois utilities and non-financially interested parties due to a financial conflict of interest.

A financial conflict of interest occurs when a SAG agenda topic or SAG process, in the judgment of the SAG Facilitator, may have adverse consequences if discussion is open to all participants. In conflict situations, participation by stakeholders with a significant financial interest may have adverse consequences, such as 1) hindering complete and frank discussions and / or 2) a participant may gain an undue advantage or benefit by participating.

SAG participants that may have a financial conflict of interest in a SAG agenda topic or SAG process must recuse themselves from participating in those meeting(s). SAG agenda topics or SAG processes that may present a financial conflict will be identified by the SAG Facilitator in advance of a meeting. Any party who is excluded by the SAG Facilitator can seek a review of the exclusion by the SAG Steering Committee.

The SAG Financial Conflict of Interest Policy is specific to SAG discussions, and is not applicable to the Income Qualified Energy Efficiency North Committee or Income Qualified Energy Efficiency South Committee or the Illinois Technical Reference Manual (TRM) Administrator. Addressing conflicts that may arise in Illinois TRM discussions is referenced in IL-TRM Policy Document Section 2.1, Stakeholder Roles and Responsibilities, and in Policy Manual Section 7.1 (iii), IL-TRM Administrator Role.

Categories of SAG participants are described in Table 1 below.

| **Table 1: SAG Participant Definitions** | |
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| **Category of SAG Participant** | **Definition** |
| Illinois Utilities | The utilities participating in the Illinois Energy Efficiency Stakeholder Advisory Group (SAG), including Ameren Illinois, ComEd, Nicor Gas, Peoples Gas and North Shore Gas. |
| Financially Interested Party | A person or entity, or employee of an entity, that engages in the purchase, sale, marketing or implementation of energy efficiency products, services, programs, pilots or research. A “financially interested party” may also engage in other work with utilities outside of energy efficiency. |
| Non-Financially Interested Party | A person or entity, or employee of an entity, that does not have a financial interest in Illinois utility energy efficiency portfolios, or any other financial interest with Illinois utilities. |
| Representative of a Community-Based Organization | A "community-based organization" is defined by the Climate and Equitable Jobs Act (CEJA) as an organization that: (1) provides employment, skill development, or related services to members of the community; (2) includes community colleges, nonprofits, and local governments; (3) has at least one main operating office in the community or region it serves; and (4) demonstrates relationships with local residents and other organizations serving the community. |

Representative(s) of community-based organizations in the following scenarios are eligible to participate in "non-financially interested party” discussions, to provide an opportunity for organizations to meaningfully engage with Illinois utilities at SAG and equally contribute to collaborative energy efficiency discussions:

1. A community-based organization that receives no utility funding – eligible
2. A community-based organization that receives a Market Development Initiative grant – eligible
3. A community-based organization that serves as a Program Ally or Trade Ally – eligible
4. A community-based organization that works with an Illinois utility in a marketing, outreach or implementation capacity with a contract totaling less than $100,000 annually – eligible

Scenarios that may result in a conflict of interest at SAG are described in Table 2 below. There may be additional situations that arise at SAG that could result in a conflict. Prior to the discussion of confidential topic(s), participants may be asked by a utility to sign a non-disclosure, or confidentiality agreement. Before a meeting with non-financially interested parties is held, the SAG Facilitator will request participants to self-select if interested in joining one of these discussions.

| **Table 2: SAG Conflict of Interest Scenarios** | | | |
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| **SAG Discussion that May Result in a Conflict of Interest:** | **Eligibility to Participate** | | |
| **Illinois Utilities** | **Financially Interested Parties** | **Non-Financially Interested Parties** |
| 1. Discussion of proprietary and/or confidential information (e.g., current and prospective program implementers, contractors, and product representatives) | X | Not eligible | X |
| 2. Current and past program performance (e.g., current program implementers and contractors) | X | Not eligible | Eligible to participate if the performance of the organization is not being discussed |
| 3. Future bids (e.g., current and prospective program implementers, potential bidders, and contractors) - any company or organization that participates in discussion of a future bid will not be eligible to submit a bid response | X | Not eligible | Eligible to participate if the organization does not plan to submit a bid or be part of a bidding team |
| 4. Evaluation performance and proposed changes (e.g., current and prospective independent evaluation contractors) | X | Not eligible | X |
| 5. Final consensus to resolve policy issues, including but not limited to all negotiations in the Illinois Energy Efficiency Policy Manual update process | X | Not eligible | X |
| 6. All negotiations on portfolio planning for utility Energy Efficiency Plans | X | Not eligible | X |

**Current SAG Financial Conflict of Interest Policy (excepted from the 2023 SAG Process Guidance Document):**

**Definitions:** A non-financially interested stakeholder participant does not have a financial interest in Illinois utility energy efficiency portfolios, or a financial interest with Illinois utilities. A “financially interested party” means any person or entity, or employee of an entity, that engages in the purchase, sale, marketing or implementation of energy efficiency products, services, programs, pilots or research. A “financially interested party” may also engage in other work with utilities outside of energy efficiency.

**Policy:** A financial conflict of interest may be present when a SAG participant, in the judgment of the SAG Facilitator, may have a financial stake in a SAG discussion topic and participation by the financially interested party could have adverse consequences, such as hindering complete and frank discussions, or the participant may gain an undue advantage or benefit by participating. SAG participants that may have a financial conflict of interest in specific meetings topics must recuse themselves from participating in those meetings or portions of those meetings for relevant topics. Notwithstanding this restriction, the designated agent(s) of a participating utility shall not be considered to have a financial conflict of interest for purposes of participating in SAG discussions.[[1]](#footnote-1) Conflicts may change from time to time.

Topics that may present a financial conflict of interest include, but are not limited to, the following:

1. Discussion of proprietary and/or confidential information (e.g., current and prospective program implementers, contractors, and product representatives);
2. Current and past program performance (e.g., current program implementers and contractors);
3. Future bids (e.g., current and prospective program implementers, potential bidders, and contractors);
4. Evaluation performance and proposed changes (e.g., current and prospective independent evaluation contractors);
5. Final consensus to resolve policy issues, including but not limited to final negotiations in the Illinois Energy Efficiency Policy Manual update process; and
6. Final negotiations on portfolio planning for utility Energy Efficiency Plans.

Prior to the discussion of confidential topic(s), SAG participants may be asked by a utility or utilities to sign a non-disclosure, or confidentiality agreement.

1. Objections to individual or company participation in a discussion that has been identified by the SAG Facilitator as presenting a financial conflict of interest will be further addressed by interested utility and stakeholder attorneys, on an as-needed basis. [↑](#footnote-ref-1)