To: ComEd, Nicor Gas, Peoples Gas, North Shore Gas, ICC Staff; SAG Staff

From: Ensar Biscevic, Yamini Arab, Yeab Lakew, Guidehouse

CC: Charles Ampong, Laura Agapay-Read, Neil Curtis, Adam Knickelbein, Charles Maglione, Guidehouse

Date: October 23, 2026

Re: CY2025 Cost Effectiveness Test Results for Jointly Implemented Programs

In CY2025, seven programs (referred to collectively in this memo as "programs") were jointly implemented by ComEd, Nicor Gas, Peoples Gas (PGL), and North Shore Gas (NSG). As part of the joint energy efficiency program evaluation for program year 2025 (CY2025), Guidehouse determined program and portfolio-level cost-effectiveness using the Illinois total resource cost (TRC) test.[1] Guidehouse used the CY2025 gas utilities' cost-effectiveness test results[2,3] and ComEd's cost-effectiveness test results[4] to prepare this memo on CY2025 cost-effectiveness test results of jointly implemented programs.

Table 1 lists the programs jointly implemented by the utilities and indicates which utilities jointly implemented the programs in CY2025.

Table 1. Summary of Jointly Implemented Programs

Sector	Program	ComEd	Nicor Gas	PGL	NSG
Residential / Income Eligible	Single-Family Upgrades*	√	√	√	√
Residential / Income Eligible	Multi-Family Upgrades†	√	√	√	√
Income Eligible	Product Distribution‡	√	√	√	√
Income Eligible	Affordable Housing New Construction	√	√	-	-
Business & Public Sector	Non-Residential New Construction	√	√	√	√
Business & Public Sector	RetroCommissioning§	√	√	√	√

[1] The Illinois TRC test is defined in the Public Utilities Act (220 ILCS 5/8-103B(a); 220 ILCS 5/8-104(b)). Detailed descriptions of the cost effectiveness methodologies are provided in the Illinois Energy Efficiency Policy Manual Version 3.0.
[2] https://www.ilsag.info/wp-content/uploads/Nicor-Gas-2025-Summary-Savings-and-Cost-Effectiveness-Memo-2026-08-20-Final.pdf
[3] https://www.ilsag.info/wp-content/uploads/PGL-NSG-2025-Summary-Savings-and-Cost-Effectiveness-Memo-2026-09-14-Final.pdf
[4] https://www.ilsag.info/wp-content/uploads/ComEd-Cost-Effectiveness-Analysis-CY2025-Report-2026-06-15-Final.pdf

Guidehouse
167 N. Green Street, 12th Floor
Chicago, IL 60607

Sector	Program	ComEd	Nicor Gas	PGL	NSG
Business & Public Sector	Commercial Food Services#	√	√	√	√

* The Retrofit, Home Energy Assessments (HEA), and the Illinois Home Weatherization Assistance Program (IHWAP) program components are implemented jointly with the gas utilities.
† The IHWAP, Public Housing Authority (PHA), Market Rate (Direct Install), and IE Multifamily program components are implemented jointly with the gas utilities.
‡ The Elementary Education Energy program component is implemented jointly with the gas utilities. The program also includes the Food Bank and HEA Kits components which are implemented solely by ComEd.
§ The RetroCommissioning program component is implemented jointly with the gas utilities. ComEd offers it as part of their Targeted Systems program along with Virtual Commissioning and Industrial Systems.
# The Commercial Food Service program component is implemented jointly with the gas utilities. ComEd offers it as part of its Midstream/Upstream program along with the Instant Discount component, which is implemented solely by ComEd.
- PGL and NSG did not offer the joint Affordable Housing New Construction program in CY2025.
Source: Guidehouse analysis.

Key takeaways from the analysis include:

Overall Cost-Effectiveness

- The joint programs achieved an overall Total Resource Cost (TRC) effectiveness of 5.25 with non-energy impacts (NEI), and a TRC of 3.11 without NEI. The overall Utility Cost Test (UCT) result was 2.08.
- Overall, the TRC and UCT scores for the joint programs aligned closely with the scores attained by ComEd's individual portions of the programs as ComEd's programs represented 87% of overall TRC benefits for the joint programs.
- Portfolio TRC increased from 3.81 to 5.25 and UCT increased from 1.35 to 2.08 in CY2025 versus CY2024, driven by higher avoided electric and gas benefits, lower incremental costs, and improved performance across Product Distribution, Multi-Family Upgrades, Affordable Housing New Construction, and RetroCommissioning.

Residential and Income Eligible Programs:

- All four residential and income eligible joint programs achieved a TRC greater than 1.0 in CY2025, when including NEIs:
  - Single-Family Upgrades: TRC (w/ NEI) = 1.33
  - Multi-Family Upgrades: TRC (w/ NEI) = 3.22
  - Product Distribution: TRC (w/ NEI) = 21.53
  - Affordable Housing New Construction (AHNC): TRC (w/ NEI) = 8.09.
- Product Distribution delivered the largest year-over-year improvement in the joint portfolio, with TRC increasing from 13.11 to 21.53 (w/ NEIs) and from 6.76 to 12.50 (w/o NEIs) when comparing CY2025 to CY2024, driven by higher electric and gas benefits, lower incremental costs ($20.6M to $13.3M), and continued strong performance from low-cost, high-savings lighting, kit, and water-saving measures.
- Affordable Housing New Construction (AHNC) improved substantially in CY2025 over CY2024, increasing from a TRC of 2.10 to 8.09 (w/ NEIs), from 1.17 to 4.53 (w/o NEIs). The improvement reflected higher avoided electric benefits and societal NEIs, combined with significantly lower net incremental and non-incentive costs.

Business & Public Sector Programs:

- Business & Public Sector joint programs achieved TRCs greater than 1.0 in CY2025, both with (w/NEI) and without NEIs (w/o NEIs).
- RetroCommissioning improved in CY2025 over CY2024, increasing from a TRC of 3.25 to 3.70 (w/ NEIs), from 1.54 to 2.02 (w/o NEIs), and from a non-cost-effective UCT of 0.93 to a cost-effective 1.44, driven by higher net benefits, lower net incremental costs, and stronger utility economics despite slightly lower societal benefit contributions.
- Coordinated Non-Residential New Construction remained cost-effective in CY2025, although TRC performance declined from CY2024. The TRC decreased from 2.67 to 2.15 (w/ NEIs) and from 1.61 to 1.44 (w/o NEIs). This was primarily driven by a decline in societal NEIs, lower avoided-gas benefits, and higher net incremental costs, partially offset by higher avoided-electric benefits and lower non-incentive costs.
- Commercial Food Service remained cost-effective in CY2025, but declined relative to CY2024, with its TRC decreasing from 7.36 to 3.63 (w/ NEIs), from 4.17 to 1.93 (w/o NEIs). The decline primarily reflected lower avoided gas benefits and societal NEIs caused by a lower participation across the utilities, alongside higher non-incentive costs, partially offset by lower net incremental costs.

Table 2 outlines the data points collected from the utilities cost effectiveness reports to conduct cost-effectiveness analysis for the joint programs. The data is categorized into generic and program-specific categories.[5]

Table 2. Data Points Needed to Conduct Joint Cost-Effectiveness Analysis

Category	Data Point	Source
Generic	• Avoided Energy Costs ($/kWh) • Avoided Capacity Costs ($/kW) • Avoided T&D Electric ($/kWh) • Avoided Natural Gas Cost ($/therm) • Avoided Water Costs ($/gallon) • Escalation Rates • Environmental Damages (GHG Adders) • Discount Rates (Societal, Weighted Average Cost of Capital)	Utilities CY2025 Cost Effectiveness Reports
Program Specific	• Participants/Measure Count • Verified Net Energy and Demand Savings • Measure Life • Incremental Measure Costs • NPV Replacement Costs • Societal NEI Benefit (Additional Quantifiable Benefit)	Guidehouse Impact Evaluation Reports, Illinois TRM[6], Other
	• Non-Incentive Costs • Utility Incentive Costs • Direct Install Costs	Utilities CY2025 Cost Effectiveness Reports

Source: Guidehouse analysis

[5] Detailed description of the data inputs can be found in the utilities' CY2025 cost-effectiveness test reports: https://www.ilsag.info/evaluation-documents/final-evaluation-reports/

[6] Illinois Statewide Technical Reference Manual (Illinois TRM). Available at: https://www.ilsag.info/technical-reference-manual/

Table 3 and Table 4 summarize the TRC and UCT calculations for CY2025 joint programs. Each utility conducts a separate cost-effectiveness analysis that includes its respective share of each jointly implemented program. For each joint program, Guidehouse combined the applicable benefit and cost components from the participating utilities to develop aggregate program-level benefits and costs. Guidehouse then applied the TRC and UCT formulas to these aggregated components to calculate the overall TRC and UCT test values for the jointly implemented programs. Table 5 and Table 6 summarize TRC and UCT test values by program and utility for CY2025.

Table 3. Summary of Program Level Benefits, Costs, and IL Total Resource Cost (TRC) Test Values – CY2025

Sector	Program / Pilot	Benefits					Costs				IL Total Resource Cost (TRC) Test (NPV replacement cost as benefit)						
		Avoided Electric Production (w/GHG adder)	Avoided Gas Savings (w/ Environmental Adder)	Societal NEI	Water Cost Savings	Other Benefits*	Non-Incentive Costs	Avoided Electric and Fossil Fuel Cost Changes	Incremental Costs (Net)	Environmental Adder and Societal NEIs†	IL TRC Benefits (w/ NEI)	IL TRC Benefits (w/o NEI)	IL TRC Costs	IL TRC Test Net Benefits (w/ NEI)	IL TRC Test Net Benefits (w/o NEI)	IL TRC Test (w/ NEI)	IL TRC Test (w/o NEI)
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j) = (a+b+c+d+e)	(k) = (a+b+d+e)	(l) = (f+g+h+i)	(m) = (j-l)	(n) = (k-l)	(o) = (j/l)	(p) = (k/l)
Residential / Income Eligible	Single-Family Upgrades	$14,000,303	$21,377,625	$17,662,555	$1,960,890	$348,959	$12,490,737	$284,158	$28,851,960	$0	$55,350,332	$37,687,777	$41,626,855	$13,723,477	($3,939,077)	1.33	0.91
Residential / Income Eligible	Multi-Family Upgrades	$44,940,683	$45,764,420	$56,632,667	$5,669,884	$233,758	$16,280,465	$0	$31,315,238	$0	$153,241,412	$96,608,745	$47,595,703	$105,645,709	$49,013,042	3.22	2.03
Income Eligible	Product Distribution	$195,893,141	$26,807,988	$180,059,131	$7,823,331	$18,589,275	$5,586,806	$995,861	$13,348,341	$0	$429,172,865	$249,113,735	$19,931,008	$409,241,857	$229,182,726	21.53	12.50
Income Eligible	Affordable Housing New Construction	$10,580,035	$3,419,575	$11,615,966	$763,151	$1,874	$1,904,979	$77,197	$1,180,340	$97,383	$26,380,601	$14,764,635	$3,259,899	$23,120,702	$11,504,736	8.09	4.53
Business & Public Sector	Non-Residential New Construction	$7,076,531	$2,650,584	$5,974,128	$2,379,291	$0	$2,105,357	$0	$6,317,499	$0	$18,080,534	$12,106,406	$8,422,856	$9,657,678	$3,683,550	2.15	1.44
Business & Public Sector	RetroCommissioning	$57,898,624	$3,052,015	$50,593,671	$0	$0	$10,374,284	$0	$19,760,458	$0	$111,544,310	$60,950,639	$30,134,742	$81,409,568	$30,815,897	3.70	2.02
Business & Public Sector	Commercial Food Services	$1,076,698	$996,244	$1,965,143	$160,384	$0	$744,216	$0	$411,767	$0	$4,198,469	$2,233,326	$1,155,983	$3,042,486	$1,077,343	3.63	1.93
Joint Programs Total		$331,466,015	$104,068,452	$324,503,260	$18,756,931	$19,173,865	$49,486,844	$1,357,216	$101,185,603	$97,383	$797,968,523	$473,465,263	$152,127,046	$645,841,477	$321,338,217	**5.25**	**3.11**

Note: Totals may not sum due to rounding.
* Other Benefits include Net Incremental Costs, and Net Present Value (NPV) Replacement Costs.
Source: Guidehouse analysis

Table 4. Summary of Program Level Benefits, Costs, and Utility Cost Test (UCT) Values – CY2025

Sector	Program / Pilot	Benefits			Costs			IL Utility Cost Test (UCT)			
		Avoided Electric Production and Water Savings (w/o GHG adder)	Avoided Gas Savings (w/o GHG adder)	Water Cost Savings	Non-Incentive Costs	Avoided Electric and Fossil Fuel Cost Changes	Incentive Costs	IL UCT Benefits	IL UCT Costs	IL UCT Test Net Benefits	IL UCT Test
		(a)	(b)	(c)	(d)	(e)	(f)	(g) = (a+b+c)	(h) = (d+e+f)	(i) = (g-h)	(j) = (g/h)
Residential / Income Eligible	Single-Family Upgrades	$9,968,931	$14,907,380	$1,621,591	$12,490,737	$284,158	$26,964,955	$26,497,902	$39,739,850	($13,241,948)	0.67
Residential / Income Eligible	Multi-Family Upgrades	$30,094,656	$26,971,592	$3,263,415	$16,280,465	$0	$35,864,106	$60,329,662	$52,144,571	$8,185,091	1.16
Income Eligible	Product Distribution	$133,361,975	$25,746,604	$5,313,216	$5,706,158	$995,861	$13,293,511	$164,421,795	$19,995,530	$144,426,265	8.22
Income Eligible	Affordable Housing New Construction	$6,821,526	$3,192,927	$424,449	$1,904,979	$77,197	$3,727,305	$10,438,903	$5,709,481	$4,729,422	1.83
Business & Public Sector	Non-Residential New Construction	$5,857,931	$1,308,702	$953,416	$2,105,357	$0	$1,078,922	$8,120,049	$3,184,279	$4,935,770	2.55
Business & Public Sector	RetroCommissioning	$38,962,710	$2,140,093	$0	$10,374,284	$0	$18,099,590	$41,102,804	$28,473,874	$12,628,930	1.44
Business & Public Sector	Commercial Food Services	$737,839	$498,710	$154,751	$744,216	$0	$248,320	$1,391,299	$992,536	$398,764	1.40
Joint Programs Total		**$225,805,569**	**$74,766,008**	**$11,730,838**	**$49,606,196**	**$1,357,216**	**$99,276,709**	**$312,302,415**	**$150,240,121**	**$162,062,294**	**2.08**

Note: Totals may not sum due to rounding.
Source: Guidehouse analysis

Table 5. Summary of TRC (w/ NEI) Test Values by Program and Utility – CY2025

Sector	Program	All	ComEd	Nicor Gas	PGL	NSG
Residential / Income Eligible	Single-Family Upgrades	**1.33**	1.18	1.79	1.83	1.12
Residential / Income Eligible	Multi-Family Upgrades	**3.22**	3.11	3.15	3.78	2.06
Income Eligible	Product Distribution	**21.53**	22.53	5.61	8.49	10.87
Income Eligible	Affordable Housing New Construction*	**8.09**	8.83	2.67	NA	NA
Business & Public Sector	Coordinated Non-Residential New Construction	**2.15**	1.63	6.65	18.07	NA†
Business & Public Sector	RetroCommissioning	**3.70**	3.65	1.81	23.53	10.43
Business & Public Sector	Commercial Food Services	**3.63**	6.18	2.37	2.06	2.07

Note: The "All" TRC values are calculated using the aggregate benefits and aggregate costs across all participating utilities (i.e., total TRC benefits divided by total TRC costs). As a result, the "All" values are not averages of the individual utility TRC values and may be higher or lower than any individual utility result.
*PGL and NSG did not offer AHNC program in CY2025.
† NSG did not have any projects completed in CY2025
Source: Guidehouse analysis

Table 6. Summary of UCT Test Values by Program and Utility – CY2025

Sector	Program	All	ComEd	Nicor Gas	PGL	NSG
Residential / Income Eligible	Single-Family Upgrades	**0.67**	0.77	0.43	0.39	0.25
Residential / Income Eligible	Multi-Family Upgrades	**1.16**	1.24	1.10	0.88	0.38
Income Eligible	Product Distribution	**8.22**	8.59	3.01	4.41	4.10
Income Eligible	Affordable Housing New Construction*	**1.83**	1.87	1.24	NA	NA
Business & Public Sector	Coordinated Non-Residential New Construction	**2.55**	2.31	2.17	35.61	NA†
Business & Public Sector	RetroCommissioning	**1.44**	1.43	0.99	5.18	4.63
Business & Public Sector	Commercial Food Services	**1.40**	2.28	0.85	0.73	0.87

*PGL and& NSG did not offer AHNC program in CY2025.
† NSG did not have any projects completed in CY2025
Source: Guidehouse analysis