

**Non-Financially Interested Parties’*
Response to
Peoples Gas/North Shore Draft
2026-2029 Energy Efficiency Plan**

October 30, 2024 SAG Meeting

*NRDC, Illinois Attorney General, National Consumer Law Center, City of Chicago, Aces 4 Youth, Dark Sky Initiative, People for Community Recovery, Blacks in Green, ICC Staff**

**ICC Staff participating in discussion and negotiations only as a non-stakeholder, and will not be a signatory to any stipulation coming out of negotiations.

Things We'd Like to Change and/or Have Questions About...



Portfolio-level costs

- Significantly inflated (doubling of) PGL Portfolio-level budget, as compared to existing plan, is unexplained and a non-starter;
- Entire 2026-2029 budget is increasing by \$5 million, with \$4 million of that amount going to Portfolio-level costs.
- This significant increase is unnecessary and should be reallocated to programs
- This budget item should remain static as a percentage of the budget, at a maximum.

**Peoples Gas Portfolio Level Budget Costs
Current vs. 2026-2029 Plan – 99% increase**

Portfolio-Level Costs by Portfolio Cost Category (Section 8-103B/8-104 EEPS)	PY2023 Actuals	Proposed '26-'29 Plan Annual Avgs
Research and Development - Demonstration of Breakthrough Equipment and Devices Costs	\$ 297,768	\$1,034,900
Market Transformation Programs	\$ 288,322	\$1,336,500
Evaluation Costs	\$ 1,169,024	\$1,034,900
Marketing Costs (including education and outreach)	\$ 628,862	\$1,379,900
Portfolio Administrative Costs	\$ 1,762,370	\$3,449,800
Total Peoples Gas Portfolio-Level Costs	\$ 4,146,347	\$8,236,000

North Shore Portfolio Level Budget Costs Current vs. 2026-2029 Plan – 44% increase

Portfolio-Level Costs by Portfolio Cost Category (Section 8-103B/8-104 EEPS)	PY2023 Actuals	Proposed '26-'29 Plan Annual Avgs
Research and Development - Demonstration of Breakthrough Equipment and Devices Costs	\$ 56,718	\$150,000
Market Transformation Programs	\$ 54,918	\$193,367
Evaluation Costs	\$ 164,839	\$150,000
Marketing Costs (including education and outreach)	\$ 146,849	\$200,000
Portfolio Administrative Costs	\$ 412,439	\$510,000
Total North Shore Gas Portfolio-Level Costs	\$ 835,763	\$1,203,367

IQ Spend – Increase Needed

Given the high rate of unaffordability in PGL service territory (record-setting rate increase granted in 2023), additional IQ spending is necessary and supported by demographic data.

- PGL/NS should add \$1.3 million to IQ budget to have the increase in percentage terms equal to the total % budget increase over the existing four-year plan.
- We'd like to see increased allocation to weatherization – both SF and MF, with emphasis on installation of building envelope measures, and major measure installs by ComEd. (Need to review batch files to assess measure assumptions.)
- Exception for installation of gas furnaces in income-eligible situations when furnace no longer working, or requires significant maintenance or health and safety hazard

IQ Spend – Increase Needed

Recommendation for budget shift to achieve that goal:

- Reallocate dollars from Portfolio-level costs
- Additional budget dollars from R&D.
- Additional budget dollars from market transformation

- Eliminate elementary school kits and reallocate to IQ weatherization
 - Kit measure in-service rate unknown, particularly for gas measures

Savings Goals

- Must assume some leveraging of IRA HOMES rebates (weatherization measures);
- Work jointly with ComEd on the leveraging/braiding effort
- Need to see batch files (with individual measure cost and savings assumptions) to make further recommendations

Residential (Market Rate) Programs

- No gas heat pump installations in residential applications*
- No gas furnaces in market rate (non-income-qualified) residential applications
- We'd like to see significant ramp-up of market-rate weatherization measures (without negatively impacting IQ weatherization budget allocation);
- Emphasis should be on building envelope measures for moderate income areas

*IL AG's office still assessing this

Market Development Initiative (MDI)

- Appreciate the continued commitment to the MDI program. However, as structured, stakeholders and customers have no understanding of MDI achievements relative to goals or metrics.
- Recommend that northern IL utilities (ComEd, PGL/NS, and Nicor) create a joint MDI program
 - Makes no economic or practical sense to have 3 separate approaches to building a more diverse workforce and implementation opportunities
- Need specific metrics and goals relative to budget to be created, with stakeholder input
- Need for implementer/trade ally ombudsman role, as previously requested

Business and Public Sector Programs

- Need batch files to be able to provide more specific comments about programs and measures
- Slide 26 of Draft Plan suggests that your small business program is gas-only; should be a joint program, with focus on shell measures
- Public Sector: Stakeholders would like a breakdown on public sector program content by type of public building, i.e., schools, libraries, municipal buildings, etc.
- No new combined heat and power (CHP) measures*

*IL AG still assessing this

Next steps

- We look forward to reviewing batch files to better understand assumed measure mix, and assumed cost per therm
- Look forward to negotiations