



Nicor Gas Company
Energy Efficiency Program – Plan Year 2020
Quarterly Report: First Quarter
(January 1, 2020 to March 31, 2020)

I. Introduction

Nicor Gas is filing this quarterly report as required by its Rider 30 – Energy Efficiency Plan Cost Recovery and in compliance with the Illinois Commerce Commission’s (“Commission”) directives in Docket No. 17-0310, which approved Nicor Gas’ four-year Energy Efficiency Plan (“EEP”); January 1, 2018 through December 31, 2021. This report first discusses EEP energy therm savings and program expenses for Plan Year 2020 (“PY2020”), January 1, 2020 through December 31, 2020, as of the end of the reporting quarter period. This quarter, covering January 1, 2020 through March 31, 2020, will be referred to as the “First Quarter.” Secondly, the report discusses activity highlights for the quarter. Lastly, the Commission’s enumerated directives are discussed as appropriate.

II. Energy Therm Savings and Expenses

Attached hereto and made a part of this report is the Statewide Quarterly Report Template which shows, among other things, ex-ante results, costs, historical energy saved, and external impacts for the period January 1, 2020 through March 31, 2020. As shown, Nicor Gas’ programs have accumulated net savings of 1.66 million net therms in the First Quarter of PY2020, or about 10.1 percent of its planned energy savings of 16,468,775 therms for PY2020 as stated in its adjustable goal EEP template. As of the end of the reporting quarter, Nicor Gas had achieved these therm savings with spending of approximately \$9.8 million.

III. Quarter Highlights

RESIDENTIAL PROGRAMS:

Home Energy Efficiency Rebates (HEER):

The objective of the Home Energy Efficiency Rebate (“HEER”) Program is to obtain energy savings by overcoming market barriers to the purchase, installation and

maintenance of high-efficient natural gas space-heating equipment as well as other targeted measures in residential applications.

Key Program Changes: None.

Program Successes: From January until March 31st we have incentivized over 3,400 high efficiency furnaces and boilers and 1,900 smart thermostats for our customers.

Program Challenges: As of March 12, 2020, COVID-19 impacted the ability for trade allies to access customers' homes to perform assessments and installations. Nicor Gas is still offering rebates to customers for high efficiency furnaces, boilers and smart thermostats. COVID 19 impacts will likely be seen in Q2.

Home Energy Savings (HES):

The Home Energy Savings ("HES") program is a whole house single family weatherization program with the objective to obtain natural gas savings in existing single-family buildings by overcoming market barriers to the installation of energy efficiency measures. The HES program provides weatherization and shell improvement opportunities using standard, prescriptive and whole-house approaches. This offering consists of a home energy assessment (HEA), and air sealing and insulation (ASI) components.

Key Program Changes: In 2020, we implemented leave-behind kits. Kits are provided to customers during their home energy assessments. The leave-behind kits include weatherstripping, a door sweep and a shower timer. Also, on January 1, 2020, ASI launched as a Nicor Gas-only offering.

Program Successes: From January until March 31, 2020 we have been able to provide over 2,000 customers with home energy assessments.

The air sealing and insulation part of HES has been very successful in the first quarter of 2020. We have been able to serve 179 customers, which is 36% of our 2020 goal.

Program Challenges: As of March 12, 2020, we stopped all in-home assessments and have rescheduled customers for future dates. Nicor Gas is still offering rebates to customers for air sealing and insulation; however, our trade allies have seen an increased number of customer cancellations. COVID 19 impacts will likely be seen in Q2, due to the stoppage of assessments at the end of Q1.

Multi-Family (MF):

The Multi-Family Program (“MF”) addresses residential (living units) and commercial (communal areas, central plants) energy efficiency opportunities available in multi-family buildings. The program aims to overcome market barriers to the installation of energy efficiency measures in multi-family buildings by offering comprehensive assessments, technical assistance and incentives. MF offers property owners with turnkey services to reduce energy and water use in both residential living units and communal areas building shell.

Key Program Changes: The Centralized Plant Optimization Program (CPOP) launched at the beginning of 2020. CPOP consists of incentivized trade ally direct installation of prescriptive measures for customers.

Program Successes: Within the Multi-Family offering, the newly launched Centralized Plant Optimization Program (CPOP) has been very successful and experienced little to no impact as a result of COVID-19 thus far. From January until March 31, 2020, 90% of the 2020 CPOP savings goal has been realized through 80+ projects.

Program Challenges: The prescriptive portion of MF has continued to see lower-than-expected participation. In the latter part of the quarter, COVID-19 began to impact both assessments and direct installations due to restrictions from entering tenant units and building common areas. As of March 16, 2020, all multi-family assessments and direct installs were rescheduled to future dates. COVID-19 impacts will likely be seen in Q2.

Residential New Construction (RNC):

The objective of the Residential New Construction Program (“RNC”) is to obtain energy savings by increasing the energy efficiency of single-family and duplex new construction homes. The program provides participating new home builders and their verifier companies a financial incentive to either a) exceed state and local building code requirements regarding duct and air sealing, along with the installation of specific high-efficiency equipment, or b) install prescriptive high-efficiency equipment only.

Key Program Changes: None.

Program Successes: In the First Quarter, 83 homes were completed or 7.5% of the annual goal. The program engaged with a tankless water heater manufacturer to clarify program requirements, with the intention of promoting the program to builders installing these types of water heaters.

Program Challenges: New home sales were below average in the first quarter and the new program design has been slow to gain traction, resulting in less participation than anticipated. In response, program design and incentive-level modifications are under consideration to reignite the program.

Additionally, COVID-19 is anticipated to impact new home sales for the remainder of the program year.

Energy Education and Outreach:

The energy education and outreach program is intended to enhance residential customers' understanding of energy usage in their homes and educate these customers on available energy efficiency opportunities through the Nicor Gas Energy Efficiency Program

- Energy Saving Kits (“ESKs”)
- Energy Education Kits (“EEKs”)
- Behavior Energy Savings (“Behavior”)

Key Program Changes: None.

Program Successes: In the First Quarter, 2,942 water-saving kits were distributed to customers, including 1,047 kits at customer events. Additionally, 8,893 weatherization kits were distributed to customers, including 2,743 at customer events.

In the First Quarter, the Behavior (Home Energy Reports) program distributed 268,706 (mailed) print reports and 167,377 emailed reports to program participants. Thus far in PY2020, only 23 participants have opted out of the program. The overall open rate for emails is 21%.

Program Challenges:

Due to COVID-19 that resulted in first quarter school closures, the EEK (Super Savers) program will be delayed until the fall semester. Assuming schools are open in the fall, this should not impact our ability to meet participation and therm-savings goals.

Income Qualified Energy Efficiency:

The objective of the Income Qualified Energy Efficiency (“IQ”) program is to provide broad and deep energy efficiency opportunities to the income-qualified customers living in single-family homes, multi-family buildings and for the construction of new energy-efficient affordable housing. This program includes:

- Single Family and Multi-Family Weatherization and Retrofits
- PHA/Multi-family Buildings
- Affordable Housing New Construction (AHNC)

Key Program Changes: None

Program Successes: In the First Quarter, Nicor Gas, in collaboration with community action agencies, was able to serve 137 single family homes. Additionally, through our contractor channel, we were able to serve 174 single-family homes and 1,397 multi-family units.

Affordable Housing New Construction (AHNC) First Quarter Completed Projects

TYPE	SQ. FEET	ANNUAL GROSS THERM SAVINGS
New construction of a 61-unit senior living facility	57,386	18,424
New construction of a 62-unit senior living facility	49,636	12,773
New construction of a 50-unit senior living facility	52,526	10,868

Program Challenges:

Due to COVID-19 impacts affecting the implementation contractor’s ability to verify projects, it is feasible that some AHNC projects slated for completion this year could be pushed to 2021 or later. Additionally, all in-home assessments and weatherization for Single Family and Multi-Family Weatherization and Retrofits and PHA have stopped until non-essential businesses are able to return to work.

BUSINESS PROGRAMS:

Business Energy Efficiency Rebates (BEER):

The Business Energy Efficiency Rebates (“BEER”) program’s goal is to produce natural gas energy savings in the business and public sectors by promoting the purchase and installation of energy efficiency measures such as: high-efficiency space heating, water heating, food service technologies, tune-ups and upgrades. This is accomplished by providing the direct installation of free energy-saving products, completing free energy assessments of customers’ facilities and providing tailored energy efficiency project recommendations.

Key Program Changes: Nicor Gas implemented a pipe insulation rebate increase from \$2 per linear foot to \$4 per linear foot in the fourth quarter of 2019. This rebate increase has continued into the First Quarter to boost participation for the program's pipe insulation offerings. Due to the COVID-19, we are developing ways to interact with our customers remotely, while working to develop a pipeline of customer interest that the Program can pursue, once we can return to the field safely.

Program Successes: The Program is continuing to see public sector assessment and direct install interest, due to our multi-pronged public sector outreach approach, which will be fulfilled once the stay at home order is lifted. Nicor Gas is continuing further public sector outreach, to ensure the Program is educating all markets within the public sector. Steam traps continue to be key measures and we anticipate this to continue. The Program has achieved roughly 463,000 net therms, which represents 15% of our 2020 forecast.

Program Challenges: As of March 12, 2020, the Program suspended all assessments and face-to-face customer interactions. Outreach efforts have continued, but the Program is seeing less interest and has had difficulty reaching customers and trade allies. We are evaluating the COVID 19 impacts to the Program, which we anticipate will result in a reduction of projects and lower therm savings in Q2. The Program is currently developing ways to counteract this impact.

Custom Incentives:

The purpose of the Custom Incentives ("Custom") program is to assist medium-to-large commercial, multi-family, public sector and industrial customers in identifying and implementing cost-effective natural gas energy efficiency measures that are not otherwise addressed in Nicor Gas' BEER, MF or SB Programs. Participation is driven through the program's free energy assessments, which informs the customer on ways to be more efficient. These assessment recommendations can spill over into other commercial and industrial program participation. Additionally, the Custom program offers a Retro-Commissioning (RCx) offering, assisting participants with low-cost and no-cost tune-ups and adjustments to their operating systems, building controls, energy management systems and HVAC systems in existing buildings. The aim of the retro-commissioning offering is to optimize operation and improve facility efficiency by returning to their intended operation or design specifications. The Custom program also includes a CHP offering.

Key Program Changes: Due to the COVID-19, we are developing ways to interact with our customers remotely, while working to develop a pipeline of

customer interest that the Program can pursue, once we can return to the field safely.

Program Successes: The Program has a robust pipeline, which currently includes roughly 60 projects. The Program has completed seven projects for a total of roughly 161,000 net therms. Engineering and Outreach teams have implemented remote working protocols (due to virus restrictions) in order to keep building the pipeline and find new opportunities. The Program is continuing to see public sector interest, due to our multi-pronged public sector outreach approach. Follow-up outreach cadence on assessments has increased which has helped identify customers who will be acting on recommendations. Outreach efforts have also increased, to spark Retro-Commissioning (RCx) project interest. CHP activity continues to build. Seven CHP Feasibility Studies were finalized in the First Quarter, one study is in draft and seven studies completed prior to January 1, 2020 are waiting for the customers go/no go decision. One 800 kW CHP system, the first in Nicor Gas/ComEd joint territory, began the 12 to 16-month EM&V process in the third quarter of 2019. One Public Sector CHP 375 kW system is in construction and is expected to be flame-on in the second or third quarters of 2020.

Program Challenges: As of 3/12/2020, the Program suspended all assessments and face-to-face customer interactions. Outreach efforts have continued, but the Program is seeing less interest and has had difficulty reaching customers and trade allies. We are evaluating the COVID 19 impacts to the Program, which we anticipate will result in a reduction of projects and lower therm savings in Q2. The Program is currently developing ways to counteract this impact.

Strategic Energy Management:

The objective of the Strategic Energy Management (“SEM”) program is to obtain energy savings by focusing on improving and optimizing commercial, industrial and public-sector operations, processes and energy equipment.

Key Program Changes: None

Program Successes: Three Cohorts were underway in the First Quarter: 2019/2020 K-12 Public Sector (five of six school districts completed their performance period); 2020 Public Sector was in recruiting (these are customers starting their first year of SEM); and Alumni (includes 15 joint Nicor Gas/ComEd customers, four ComEd-only and six Nicor Gas-only customers that are

continuing the second, third, fourth or fifth year of their energy-saving journey; six of these are Public Sector).

Program Challenges: For the First Quarter, the new first-year Public Sector cohort was, and continues to be, in recruiting. On 3/12 all in-person meetings and site visits ceased in response to COVID-19 and have been replaced with virtual meetings. COVID-19 impacts will likely be seen in the Second Quarter. Many industrials continued to operate, some shut down for a short period and are running at a lower capacity, while others increased production. Schools and Universities closed and are in unoccupied mode, switching to online classes though some have international student occupancy. Office buildings have reduced occupancy depending if tenants are considered as essential workers.

Small Business:

The Small Business Program's ("SB") objective is to obtain long-term natural gas energy savings from small business gas customers, including public sector customers, with energy efficiency retrofits and financial incentives to influence the installation of highly efficient natural gas equipment.

Key Program Changes: Due to COVID-19, we are developing ways to interact with our customers remotely, while working to develop a pipeline of customer interest that the Program can pursue, once we can return to the field safely.

Program Successes: The Program continues to see increased public sector interest, due to our multi-pronged public sector outreach approach. Nicor Gas is continuing further public sector outreach, to ensure the Program is educating all markets within the public sector. We are compiling an interest pipeline to pursue, once we can return to the field safely. In March, the Program had reached roughly 30% of the 2020 therm forecast. Outreach is still uncovering custom and prescriptive pipeline opportunities and we are keeping communication consistent with our trade allies, who anticipate a high volume of projects in the third and fourth quarter, especially dry cleaner steam trap projects.

Program Challenges: As of 3/12/2020, the program suspended all assessments and face-to-face customer interactions. Outreach efforts have continued, but the Program is seeing less interest and has had difficulty reaching customers and trade allies. We are evaluating the COVID-19 impacts to the Program, which we anticipate will result in a reduction of projects and lower therm savings in Q2. The Program is currently developing ways to counteract this impact.

Business New Construction (BNC):

The objective of the Business New Construction (“BNC”) Program is to obtain energy savings during the design and construction of new buildings, major renovations of existing buildings, and tenant buildouts in the commercial, public sector and industrial market.

The business new construction offering provides education, financial incentives and technical assistance to help building owners and design teams exceed the current energy codes.

Key Program Changes: None

Program Successes:

First Quarter Completed Projects (*public sector project)

TYPE	SQ. FEET	ANNUAL GROSS THERM SAVINGS	MEASURES
Grocery store	74,676	5,446	<ul style="list-style-type: none">• Kitchen exhaust controls• Direct-fired make-up air equipment• Condensing gas water heaters
3-story office building and parking structure	132,743	7,857	<ul style="list-style-type: none">• Parking garage ventilation controls
*Recreation center renovation	65,252	8,250	<ul style="list-style-type: none">• Pool energy recovery• Pool boiler efficiency
Assisted living multifamily building	259,353	21,438	<ul style="list-style-type: none">• Window assembly U-value• Parking garage ventilation controls• Parking garage heating efficiency
7-story residential structure	117,000	7,265	<ul style="list-style-type: none">• Window assembly U-value• Parking garage ventilation controls• Parking garage heating efficiency• ENERGY STAR appliances
2-story health clinic	20,000	2,626	<ul style="list-style-type: none">• Advanced wall insulation• Condensing boilers

			<ul style="list-style-type: none"> • Condensing gas-fired water heaters
Grocery store renovation	33,011	3,688	<ul style="list-style-type: none"> • Kitchen exhaust controls • RTU heating efficiency • Condensing gas-fired water heaters
Warehouse and office	224,135	8,059	<ul style="list-style-type: none"> • Advanced wall insulation • Overhead door insulation • Direct-fired make-up air units (warehouse)
Warehouse and office	150,000	6,379	<ul style="list-style-type: none"> • Advanced wall insulation • Overhead door insulation • Direct-fired make-up air units (warehouse) • Destratification fans
19-story multi-family residential building and parking garage	269,998	30,262	<ul style="list-style-type: none"> • Window assembly U-value • Residential make-up air controls • Low-flow fixtures • Condensing boilers • Smart thermostats • ENERGY STAR appliances • Ventless dryers
Warehouse	251,255	10,816	<ul style="list-style-type: none"> • Advanced wall insulation • Direct-fired make-up air units

Program Challenges:

Due to COVID-19 impacts affecting the implementation contractor’s ability to verify projects, it is feasible that some BNC projects slated for completion this year could be pushed to 2021 or later.

Emerging Technology:

The primary mission of the Nicor Gas Emerging Technology Program (“ETP”) is to seek out new or unproven technologies that may be suitable for inclusion in the Nicor Gas Energy Efficiency Program and verify their natural gas savings through field tests and in-situ pilot demonstrations.

Successful Measures:

No measures were finalized, and no additional pilots were completed before the close of the quarter. Nicor Gas currently has 8 pilots underway and this increased activity is reflected in the increased spending for the quarter.

IV. Program Operations

- A) **Budget Flexibility:** Nicor Gas may adjust program budgets by up to 20% but may not shift budgets between residential and business programs by more than 10%.

Actions: Nicor Gas has not exceeded the flexibility provisions authorized by the Commission in its Final Order.

- B) **Program Activities:** Nicor Gas shall summarize the following:

- 1) Program activities
- 2) Implementation modifications
- 3) Additions or discontinuations of specific measures or programs.
- 4) Spending and savings amounts compared to the Plan filing
- 5) How the Company responds to past evaluators' recommendations and changes in the IL-TRM, NTG ratios, market research findings, and other relevant information the Company relies upon in making its decisions
- 6) Pilots completed and the results

Actions:

- 1) Please see the above section on the First Quarter's highlights.
- 2) Please see the above section on the First Quarter's highlights.
- 3) Please see Section C below and Appendix A for a discussion and list of new measures added to Nicor Gas' programs.
- 4) Spending and savings by program are shown in the attached Statewide Quarterly Report Template.
- 5) Please see Appendix B for actions taken in response to evaluators' recommendations.
- 6) Please see the above.

- B) **New Energy Efficiency Measures:** Cost-effectiveness screening results for new measures.

Actions: Actions taken in PY2020 in response to past evaluators' recommendations are shown in Appendix B.

- C) **Cost-Ineffective Measures:** Explain reasons for including new cost-ineffective measures in programs.

Actions: There are no new cost-ineffective measures included in programs.