Nicor Gas 2022-2025 Impact Summary and Cost Effectiveness Evaluation Report

Fourth Energy Efficiency Plan (Plan 4):

Gas Program Years 2022-2025

(01/01/2022-12/31/2025)

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Nicor Gas Company

DRAFT

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1 Introduction

This report provides Guidehouse's summary reporting of verified energy savings and cost effectiveness results for the Nicor Gas Energy Efficiency Plan (EEPS) portfolio of programs for 2022 through 2025 (Plan 4). The report fulfills the Illinois Public Utilities Act (PUA) requirement for a review of the 4-year results of the broader net program impacts for Program Year 2022 (PY2022) starting on January 1, 2022, through Program Year 2025 (PY2025) which ended on December 31, 2025. In Plan 4, Nicor Gas implemented 19 programs for which final impact evaluation reports have been submitted by Guidehouse to Nicor Gas and the Illinois Commerce Commission (ICC).

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2 Portfolio Summary

2.1 Portfolio Net Energy Savings Verified Results

Table 1 and **Error! Reference source not found.** summarize the incremental energy savings the Nicor Gas portfolio achieved in PY2022-PY2025. The 4-year verified first-year annual net savings of 60,573,607 therms[1] exceeded its Plan 4 Approved Net Energy Savings Goal[2] of 56,263,554 net therms by eight percent.

Table 1. Nicor Gas Plan 4 Portfolio - Verified Net Energy Savings

Program Year	Verified Net Energy Savings (Annual Therms)
Program Year 2022	12,751,895
Program Year 2023	16,044,138
Program Year 2024	18,222,421
Program Year 2025	13,555,153
Plan 4 Portfolio Verified Total	**60,573,607**
Plan 4 Compliance Goal	**56,000,829**
Portfolio Percent of Compliance Goal	**108%**
Plan 4 Approved Goal	**56,263,554**
Portfolio Percent of Approved Goal	**108%**

Source: Nicor Gas tracking data and evaluation team analysis.

Table 2. Total Incremental Annual Savings (PY2022-PY2025)

Savings Category	2022 Energy Savings (Therms)	2023 Energy Savings (Therms)	2024 Energy Savings (Therms)	2025 Energy Savings (Therms)	2022-2025 Total (Therms)
Ex Ante Gross Savings	14,127,454	16,648,995	19,703,435	14,096,197	64,576,081
Portfolio Gross Realization Rate*	1.02	1.06	1.00	1.03	1.03
Verified Gross Savings	14,433,193	17,632,510	19,736,078	14,523,111	66,324,892
Portfolio Net-to-Gross Ratio (NTG) †	0.88	0.91	0.92	0.93	0.91
Verified Net Savings	12,751,895	16,044,138	18,222,421	13,555,153	60,573,607

** Realization Rate (RR) is the ratio of verified gross savings to ex ante gross savings, based on evaluation research findings.*
† Guidehouse calculated the portfolio NTG ratio by dividing the total net savings by the total verified gross savings.
Source: Nicor Gas tracking data and evaluation team analysis.

Error! Reference source not found. shows the total savings realized by sector. Over the 4-year period, the Business and Public Sector programs produced 49% of the portfolio net savings, Residential Market Rate programs contributed 40%, and the Income Qualified programs contributed 11% (see Figure 1).

[1] Unless noted, therm values are first year annual savings.
[2] The Approved Net Energy Savings Goal (Approved Goal) refers to the most updated portfolio-level savings goal. In the case of Section 8-104 programs, the values match the Adjusted Energy Savings Goal contained in the Program Administrator's updated 2025 Adjustable Savings Goal Template. The Original Plan Savings Goal (Compliance Goal) approved in the Commission's Final Order submitted in Docket 21-0154 for 2022 through 2025 is 56,000,829 annual net therm savings.

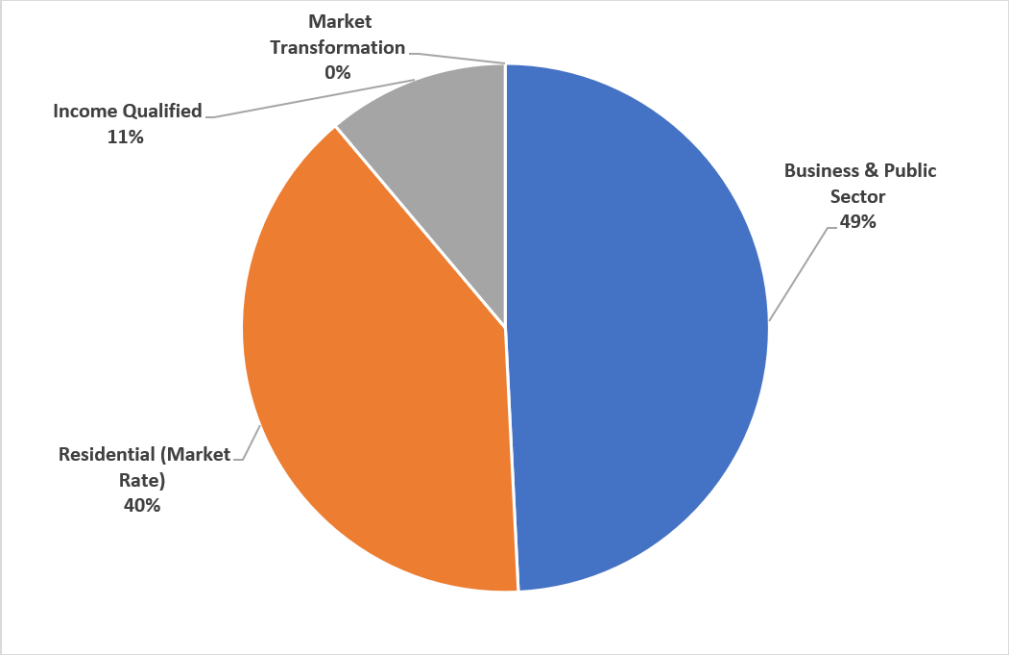
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Table 3. Total Incremental Annual Savings by Sector (2022-2025)

Savings Category	2022 Net Savings (Therms)	2023 Net Savings (Therms)	2024 Net Savings (Therms)	2025 Net Savings (Therms)	2022-2025 Net Total (Therms)
Business & Public Sector	5,958,298	7,394,982	9,388,834	7,072,044	29,814,157
Residential (Market Rate)	5,927,438	6,765,091	6,875,274	4,434,418	24,002,221
Income Qualified	866,159	1,884,066	1,958,313	2,048,691	6,757,228
Total Net Savings	12,751,895	16,044,138	18,222,421	13,555,153	60,573,607

Source: Nicor Gas tracking data and evaluation team analysis. Numbers are rounded.

Figure 1. Annual Incremental Therms Savings by Sector (2022-2025)



Source: Nicor Gas tracking data and evaluation team analysis.

2.2 Portfolio Cost Effectiveness Test Verified Results

This section summarizes findings regarding the cost-effectiveness of the Nicor Gas portfolio of energy efficiency programs over Plan 4, from PY2022 through PY2025. The cost effectiveness methodology and description of data inputs are provided in the Appendix.

Error! Reference source not found. summarizes the four-year combined results for the Nicor Gas portfolio at the program, sector, and portfolio levels. The results presented in this table are based on the Illinois Total Resource Cost (TRC) test, which includes benefits from avoided environmental and societal costs, and is the primary test defined by the Climate and Equitable Jobs Act (CEJA) for ascertaining the portfolio's cost effectiveness. The table also shows results for the Program Administration Cost test (PACT).

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Throughout all four program years, the results indicate that the Plan 4 portfolio was cost effective, achieving a TRC ratio of 3.6 (including societal non-energy impacts (NEIs)) and 1.8 (excluding societal NEIs). The TRC with NEI without income qualified is 3.8, and the TRC without NEI and income qualified is 1.9.

Table 4. Portfolio Cost Effectiveness Test Results (2022-2025)

Program	Verified Net Savings (Therms)	TRC Test (w/ NEI)	TRC Test (w/o NEI)	PACT Test (w/ NEI)	PACT Test (w/o NEI)
Business Custom Rebates, Plus Nicor Gas only RCx	7,685,504	3.8	1.7	3.9	3.9
Business Energy Efficiency Rebates	12,481,842	8.1	3.9	3.6	3.4
Coordinated Non-Residential New Construction	538,730	6.7	3.4	2.5	2.3
Coordinated Retro Commissioning (RCx)	549,845	4.0	2.0	2.6	2.6
Small Business Program	4,739,558	5.1	2.5	2.9	2.7
Strategic Energy Management	3,818,680	10.2	4.7	4.1	4.1
Business and Public Sector Total	**29,814,157**	**5.1**	**2.4**	**3.6**	**3.5**
Affordable Housing New Construction (AHNC)	175,514	1.7	0.8	0.8	0.6
Income Qualified Elementary Education Kits (IQ EEE)	89,057	5.0	2.1	2.5	2.3
Income Qualified Energy Savings Kits (IQ ESK)	1,297,836	18.1	9.4	7.8	4.6
Income Qualified Multi-Family	2,789,253	2.9	1.4	1.1	1.0
Income Qualified Single Family	2,235,216	1.7	0.9	0.6	0.6
Public Housing Energy Savings	170,352	1.1	0.5	0.4	0.4
Income Qualified Total	**6,757,228**	**2.7**	**1.4**	**1.0**	**0.8**
Elementary Education Kits (EEE)	1,165,909	9.5	5.8	5.5	3.3
Energy-Savings Kits (ESK)	1,773,419	12.8	7.6	6.1	3.5
Home Energy Efficiency Rebates (HEER)	11,640,837	3.9	2.1	6.4	5.5
Home Energy Reports	2,853,154	7.7	3.7	3.2	3.2
Home Energy Savings/Assessments	2,244,001	2.7	1.4	2.1	1.6
Multi-Family Program	2,063,666	3.3	1.5	1.6	1.6
Residential New Construction (Smart Neighborhood Builder)	2,261,236	4.1	2.1	6.3	4.9

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Program	Verified Net Savings (Therms)	TRC Test (w/ NEI)	TRC Test (w/o NEI)	PACT Test (w/ NEI)	PACT Test (w/o NEI)
Market Development Initiative	-	0.0	0.0	0.0	0.0
Residential Sector Total	**24,002,221**	**4.1**	**2.2**	**4.2**	**3.4**
Market Transformation Total	**0**	**0.0**	**0.0**	**0.0**	**0.0**
Portfolio Total, with IQ	**60,573,607**	**3.6**	**1.8**	**2.2**	**1.9**
Portfolio Total, without IQ	**53,816,379**	**3.8**	**1.9**	**2.7**	**2.4**

Note: Savings and benefits from the Building Operator Certification (BOC) are reported as part of the BEER program.
Source: Evaluation Research

2.3 Portfolio Economic Impact Summary of Verified Results

Error! Reference source not found. presents the cumulative first year only job impacts. First year impacts[3] are the total direct, indirect, and induced jobs created from portfolio activity in PY2022-PY2025. **Error! Reference source not found.** present results of the cumulative economic and employment impacts created from portfolio activity in PY2022-PY2025.

Overall, Nicor Gas Plan 4 Energy Efficiency Portfolio created 1,217 first year jobs, 3,058 job-years[4] and $927 million dollars of industry output[5] across the state of Illinois.

Table 5. Cumulative First Year Job Impacts – Nicor Gas

Period	Direct	Indirect	Induced	Cumulative Total*
2025 – 2049	143	131	36	311
2024 – 2048	136	129	46	311
2023 – 2047	146	128	29	303
2022 – 2046	127	114	51	292
2021 – 2045	350	158	55	563
2020 – 2044	307	141	47	494
2020 – 2049	**1,209**	**801**	**264**	**2,274**

** The 4-year first year only jobs is the sum of the 2022 through 2025 cumulative total jobs (total of 1,217 jobs).*
Source: *Guidehouse analysis of Nicor Gas annual evaluation of economic impacts of EE programs.*

[3] First year impacts are the total direct, indirect, and induced jobs created from portfolio activity in a particular year (summed for 2022-2025).
[4] Job-years are a cumulative measure of employment impact equal to one full-time equivalent job sustained for one year. Under CEJA economic impact analyses, job-years are used to quantify the statewide employment effects generated over time by utility energy efficiency investments and the resulting long-term energy bill savings. The evaluation team advises against use of employment impacts reported in job-years because employment impacts are long-term effects not confined to a particular year, using job-years can be misleading as to the effects produced.
[5] Industry output is the total annual production value of an industry; it can be described as business sales or revenues.

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Table 6. Cumulative Economic Impacts by Time Period (2022 - 2025)

Period	Impact Type	Job Years	Labor Income ($ Million)	Industry Output ($ Million)
2025 – 2049	Direct	171	$18.5	$70.5
	Indirect	147	$13.3	$34.4
	Induced	381	$25.2	$108.9
	Total	**699**	**$57.0**	**$213.7**
2024 – 2048	Direct	176	$19.3	$73.2
	Indirect	150	$13.6	$35.2
	Induced	375	$24.8	$106.0
	Total	**701**	**$57.7**	**$214.3**
2023 – 2047	Direct	175	$18.8	$69.8
	Indirect	144	$13.0	$33.8
	Induced	396	$26.1	$114.3
	Total	**715**	**$57.9**	**$217.8**
2022 – 2046	Direct	227	$22.4	$77.2
	Indirect	161	$14.4	$38.1
	Induced	555	$36.6	$166.3
	Total	**943**	**$73.4**	**$281.5**
2021 – 2045	Direct	415	$28.6	$77.5
	Indirect	191	$13.2	$35.4
	Induced	541	$29.4	$118.5
	Total	**1,148**	**$71.2**	**$231.4**
2020 – 2044	Direct	383	$24.0	$71.9
	Indirect	176	$12.1	$32.4
	Induced	203	$10.9	$29.9
	Total	**762**	**$47.0**	**$134.2**
2020 – 2049	**Cumulative Total**	**4,968**	**$364.2**	**$1,292.7**

Note: Totals may not sum due to rounding.

Source: Guidehouse analysis of Nicor Gas annual evaluation of economic impacts of EE programs.

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3 Program Specific Results

3.1 Program Specific Verified Savings and Costs Summary

A summary of the components of the verified savings and costs for each program are shown in **Error! Reference source not found.Error! Reference source not found.** over the four years of Plan 4. The table includes the summary at the sector level as well at the portfolio level total.

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Table 7. Summary of Verified Savings and Program Costs for 2022-2025

Programs	Ex Ante Gross	Realization Rate	Verified Gross		Deemed / Used	Verified Net				Program Costs		Participation		Verified Gross Weighted Average Measure Life	GHG Savings		Water Savings		Incremental Costs		Net Savings
	Annual Savings	Annual Savings (Verified Gross / Ex Ante Gross)	Annual Savings	Lifetime Savings	Net-to-Gross Ratio	Annual Savings	Lifetime Savings	Cost per Annual Savings	Cost per Lifetime Savings	Non-Incentives	Incentives	# Units	Units Definition	Years	Annual Verified Net CO2 Savings	Lifetime Verified Net CO2 Savings	Annual Verified Net Water Savings	Lifetime Verified Net Water Savings	Gross IMC	Net IMC	
	Therms	%	Therms	Therms	%	Therms	Therms	$/Therms	$/Therms	$	$				metric tons CO2	metric tons CO2	Gallons	Gallons	$	$	%
(a)	(b)	(c=d/b)	(d)	(e)	(f=g/d)	(g)	(h)	(i=(k+l)/g)	(j=(k+l)/h)	(k)	(l)	(m)	(n)	(o=e/d)							
Business Energy Efficiency Rebates	13,196,415	106%	13,930,110	105,588,584	90%	12,481,842	93,848,064	1.12	0.15	8,273,047	5,735,343	43,364	Measures	7.5	66,041	496,550	54,042,386	375,277,405	8,721,171	7,816,346	20.6%
Business Custom Rebates, Plus Nicor Gas only RCx	9,582,792	95%	9,130,096	170,435,119	84%	7,685,504	143,429,502	2.03	0.11	6,542,661	9,088,420	328	Projects	18.7	40,664	758,885	230,296	1,612,073	53,635,626	45,244,286	12.7%
Small Business Program	4,701,077	105%	4,923,098	31,932,892	96%	4,739,558	30,732,965	1.32	0.20	3,660,673	2,573,480	11,645	Projects	6.5	25,077	162,608	20,228,949	126,258,445	5,032,119	4,870,731	7.8%
Strategic Energy Management	3,858,836	100%	3,865,203	27,056,420	99%	3,818,680	26,730,759	0.99	0.14	1,042,144	2,748,020	83	Projects	7.0	20,205	141,432	-	-	2,748,020	2,748,020	6.3%
Coordinated RetroCommissioning (RCx)	636,181	89%	566,715	4,873,751	97%	549,845	4,728,663	1.78	0.21	517,812	459,541	52	Projects	8.6	2,909	25,019	-	-	1,054,282	1,005,779	0.9%
Coordinated Non-Residential New Construction	1,239,128	97%	1,201,690	24,754,824	45%	538,730	11,097,829	3.61	0.18	830,672	1,113,240	126	Projects	20.6	2,850	58,719	2,293,436	47,244,792	2,057,265	1,329,966	0.9%
Business and Public Sector Total	**33,214,429**	**101%**	**33,616,911**	**364,641,588**	**89%**	**29,814,157**	**310,567,783**	**1.43**	**0.14**	**20,867,009**	**21,718,044**	**55,598**	**Projects**	**10.4**	**157,747**	**1,643,214**	**76,795,068**	**550,392,715**	**73,248,483**	**63,015,128**	**49.2%**
Income Qualified Multi-Family	2,763,499	101%	2,789,253	45,119,889	100%	2,789,253	45,119,886	7.32	0.45	7,746,541	12,669,998	5,759,045	Measures	16.2	14,758	238,729	31,915,684	266,452,333	13,928,164	13,928,164	4.6%
Income Qualified Single Family	2,247,497	99%	2,235,216	38,030,824	100%	2,235,216	38,030,824	12.90	0.76	9,560,809	19,279,396	4,384,605	Measures	17.0	11,827	201,221	1,597,677	15,976,768	19,518,200	17,914,145	3.7%
Income Qualified Energy-Savings Kits (IQ ESK)	1,239,087	105%	1,297,836	19,492,671	100%	1,297,836	19,492,671	1.45	0.10	682,225	1,205,813	2,666,880	Kits	15.0	6,867	103,136	98,061,559	820,845,141	1,367,426	1,367,426	2.1%
Affordable Housing New Construction (AHNC)	178,558	98%	175,514	2,901,908	100%	175,514	2,901,944	11.51	0.70	1,146,770	873,119	752,509	Measures	16.5	929	15,354	3,649,685	37,455,618	1,443,784	1,443,784	0.3%
Public Housing Energy Savings	173,072	98%	170,352	2,531,903	100%	170,352	2,531,903	16.63	1.12	1,402,500	1,431,284	465,704	Measures	14.9	901	13,396	-	-	1,623,704	1,623,704	0.3%
Income Qualified Elementary Education Kits (IQ EEE)	88,879	100%	89,057	715,382	100%	89,057	715,382	1.77	0.22	63,595	93,765	41,046	Kits	8.0	471	3,785	370,687	3,706,868	171,161	171,161	0.1%
Income Qualified Total	**6,690,592**	**101%**	**6,757,229**	**108,792,576**	**100%**	**6,757,228**	**108,792,609**	**8.31**	**0.52**	**20,602,440**	**35,553,375**	**14,069,789**		**16.1**	**35,752**	**575,622**	**135,595,292**	**1,144,436,728**	**38,052,439**	**36,448,384**	**11.2%**
Home Energy Efficiency Rebates (HEER)	12,855,980	100%	12,821,852	194,506,639	91%	11,640,837	174,900,464	1.23	0.08	5,401,559	8,882,195	101,417	Measures	15.0	61,592	925,398	31,689	190,137	70,253,479	55,354,521	19.2%
Home Energy Reports	1,945,313	169%	3,287,911	23,015,376	87%	2,853,154	19,972,079	1.22	0.17	1,070,629	2,415,731	1,415,729	Participants	7.0	15,096	105,672	-	-	2,415,731	2,415,731	4.7%
Residential New Construction (Smart Neighborhood Builder)	2,710,806	98%	2,656,681	45,822,815	85%	2,261,236	38,645,826	1.53	0.09	1,375,376	2,089,625	32,579	Measures	17.1	11,964	204,475	-	-	15,462,010	12,894,772	3.7%
Home Energy Savings/Assessments	2,184,315	100%	2,182,530	38,986,148	103%	2,244,001	40,102,811	4.78	0.27	5,370,730	5,360,044	5,667,531	Measures	17.9	11,873	212,184	29,690,469	296,904,692	17,806,276	17,097,633	3.7%
Multi-Family Program	2,074,953	101%	2,102,364	26,766,347	98%	2,063,666	26,375,924	3.70	0.29	3,945,885	3,690,216	931,142	Measures	12.8	10,919	139,555	9,036,255	84,393,945	6,975,902	7,007,613	3.4%
Energy-Savings Kits (ESK)	1,770,472	100%	1,770,473	27,604,979	100%	1,773,419	26,805,924	1.90	0.13	1,267,558	2,104,666	3,966,824	Kits	15.1	9,383	141,830	134,260,688	1,186,956,797	2,282,477	2,290,355	2.9%
Elementary Education Kits (EEE)	1,129,221	100%	1,128,941	11,717,939	103%	1,165,909	12,132,419	1.51	0.14	608,946	1,146,220	590,781	Kits	10.4	6,169	64,193	76,673,260	684,470,758	1,520,113	1,546,406	1.9%
Market Development Initiative	-	N/A	-	-	N/A	-	-	-	-	617,560	-	-			-	-	-	-	-	-	0.0%
Residential Sector Total	**24,671,060**	**105%**	**25,950,752**	**368,420,242**	**92%**	**24,002,221**	**338,935,447**	**1.89**	**0.13**	**19,658,243**	**25,688,697**	**12,706,003**		**14.1**	**126,996**	**1,793,307**	**249,692,361**	**2,252,916,328**	**116,715,988**	**98,607,030**	**39.6%**
Market Transformation Total	**-**		**-**	**-**		**-**	**-**	**-**	**-**	**7,456,853**	**-**	**-**			**-**	**-**	**-**	**-**	**-**	**-**	**0.0%**
Other Portfolio Costs										**29,668,485**	**-**				**-**	**-**	**-**	**-**	**-**	**-**	
Portfolio Total w/ IQ	**64,576,081**	**103%**	**66,324,892**	**841,854,407**	**91%**	**60,573,607**	**758,295,839**	**2.99**	**0.24**	**98,253,030**	**82,960,116**	**26,831,390**	**Projects**	**12.7**	**320,495**	**4,012,143**	**462,082,721**	**3,947,745,771**	**228,016,911**	**198,070,542**	**100.0%**
Portfolio Total w/o IQ	**57,885,488**	**103%**	**59,567,663**	**733,061,831**	**90%**	**53,816,379**	**649,503,230**	**2.32**	**0.19**	**77,650,590**	**47,406,741**	**12,761,601**	**Projects**	**12.3**	**284,742**	**3,436,522**	**326,487,429**	**2,803,309,044**	**189,964,471**	**161,622,158**	**88.8%**

Source: Evaluation summary of analysis of 2022 through 2025 program and portfolio verified summary reports[6]

[6] https://www.ilsag.info/evaluation-documents/final-evaluation-reports/#nicor

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3.2 Program Specific Cost Effectiveness Results Summary

A summary of the components of the cost effectiveness calculations for each program are shown in Table 8 for the Illinois TRC calculations and Table 9 for the PACT calculations. The tables include the value of each benefit and cost component for each program totaled over four years. The portfolio results are shown with or without NEI or income qualified.

A summary of the annual reports of the Nicor Gas Illinois TRC and PACT benefits and costs for each program are provided in the accompanied excel spreadsheet for this report.

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Table 8. Summary of Program Level Benefits, Costs and Illinois TRC Test for 2022-2025

Programs	Benefits			Costs			IL Total Resource Cost (TRC) Test w NEIs				IL Total Resource Cost (TRC) Test w/o NEIs			
	Avoided Gas Savings	All Other Benefits w NEI	All Other Benefits w/o NEI	Non-Incentive Costs	Incentive Costs	Incremental Costs	IL TRC Benefits	IL TRC Costs	IL TRC Test Net Benefits	IL TRC Test	IL TRC Benefits	IL TRC Costs	IL TRC Test Net Benefits	IL TRC Test
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h) = (b+c)	(i) = (e+g)	(j) = (h-i)	(k) = (h/i)	(l) = (b+d)	(m) = (e+g)	(n) = (l-m)	(o) = (l/m)
Business Custom Rebates, Plus Nicor Gas only RCx	$88,335,434	$106,496,034	$10,932	$6,542,661	$9,088,420	$45,244,286	$194,831,468	$51,786,947	$143,044,521	3.8	$88,346,366	$51,786,947	$36,559,419	1.7
Business Energy Efficiency Rebates	$59,170,296	$71,161,185	$3,057,305	$8,273,047	$5,735,343	$7,816,346	$130,331,481	$16,089,393	$114,242,088	8.1	$62,227,601	$16,089,393	$46,138,208	3.9
Coordinated Non-Residential New Construction	$6,791,642	$7,787,115	$484,871	$830,672	$1,113,240	$1,329,966	$14,578,757	$2,160,638	$12,418,119	6.7	$7,276,513	$2,160,638	$5,115,875	3.4
Coordinated RetroCommissioning (RCx)	$3,022,319	$3,044,793	$-	$517,812	$459,541	$1,005,779	$6,067,112	$1,523,591	$4,543,521	4.0	$3,022,319	$1,523,591	$1,498,728	2.0
Small Business Program	$19,769,093	$24,146,610	$1,342,177	$3,660,673	$2,573,480	$4,870,731	$43,915,703	$8,531,404	$35,384,299	5.1	$21,111,270	$8,531,404	$12,579,866	2.5
Strategic Energy Management	$17,648,961	$20,874,567	$-	$1,042,144	$2,748,020	$2,748,020	$38,523,528	$3,790,164	$34,733,364	10.2	$17,648,961	$3,790,164	$13,858,797	4.7
Business and Public Sector Total	**$194,737,745**	**$233,510,304**	**$4,895,285**	**$20,867,009**	**$21,718,044**	**$63,015,128**	**$428,248,049**	**$83,882,137**	**$344,365,912**	**5.1**	**$199,633,030**	**$83,882,137**	**$115,750,893**	**2.4**
Affordable Housing New Construction (AHNC)	$1,771,201	$2,511,416	$338,702	$1,146,770	$873,119	$1,443,784	$4,282,616	$2,590,554	$1,692,063	1.7	$2,109,902	$2,590,554	$(480,651)	0.8
Income Qualified Elementary Education Kits (IQ EEE)	$454,554	$708,229	$34,648	$63,595	$93,765	$171,161	$1,162,783	$234,756	$928,026	5.0	$489,202	$234,756	$254,446	2.1
Income Qualified Energy-Savings Kits (IQ ESK)	$11,864,379	$25,178,173	$7,311,618	$682,225	$1,205,813	$1,367,426	$37,042,552	$2,049,651	$34,992,901	18.1	$19,175,997	$2,049,651	$17,126,346	9.4
Income Qualified Multi-Family	$28,010,911	$34,702,771	$1,980,018	$7,746,541	$12,669,998	$13,928,164	$62,713,682	$21,674,705	$41,038,977	2.9	$29,990,929	$21,674,705	$8,316,223	1.4
Income Qualified Single Family	$23,140,354	$24,771,746	$652,464	$9,560,809	$19,279,396	$17,914,145	$47,912,100	$27,474,954	$20,437,146	1.7	$23,792,818	$27,474,954	$(3,682,137)	0.9
Public Housing Energy Savings	$1,534,275	$1,811,558	$799	$1,402,500	$1,431,284	$1,623,704	$3,345,833	$3,026,204	$319,629	1.1	$1,535,074	$3,026,204	$(1,491,130)	0.5
Income Qualified Total	**$66,775,673**	**$89,683,894**	**$10,318,249**	**$20,602,440**	**$35,553,375**	**$36,448,384**	**$156,459,567**	**$57,050,824**	**$99,408,742**	**2.7**	**$77,093,922**	**$57,050,824**	**$20,043,097**	**1.4**
Elementary Education Kits (EEE)	$7,767,679	$12,793,999	$4,731,930	$608,946	$1,146,220	$1,546,406	$20,561,678	$2,155,352	$18,406,327	9.5	$12,499,609	$2,155,352	$10,344,258	5.8
Energy-Savings Kits (ESK)	$16,680,641	$28,791,881	$10,468,627	$1,267,558	$2,104,666	$2,290,355	$45,472,522	$3,557,913	$41,914,609	12.8	$27,149,269	$3,557,913	$23,591,356	7.6
Home Energy Efficiency Rebates (HEER)	$109,252,542	$130,630,459	$16,062,514	$5,401,559	$8,882,195	$55,354,521	$239,883,002	$60,756,080	$179,126,921	3.9	$125,315,056	$60,756,080	$64,558,975	2.1
Home Energy Reports	$12,842,769	$13,872,774	$-	$1,070,629	$2,415,731	$2,415,731	$26,715,543	$3,486,360	$23,229,183	7.7	$12,842,769	$3,486,360	$9,356,409	3.7
Home Energy Savings/Assessments	$24,408,605	$36,290,748	$7,165,053	$5,370,730	$5,360,044	$17,097,633	$60,699,353	$22,468,363	$38,230,990	2.7	$31,573,658	$22,468,363	$9,105,295	1.4
Multi-Family Program	$16,286,923	$19,695,119	$573,147	$3,945,885	$3,690,216	$7,007,613	$35,982,042	$10,953,498	$25,028,544	3.3	$16,860,070	$10,953,498	$5,906,572	1.5
Residential New Construction (Smart Neighborhood Builder)	$23,950,514	$33,946,108	$6,618,209	$1,375,376	$2,089,625	$12,894,772	$57,896,622	$14,270,148	$43,626,474	4.1	$30,568,723	$14,270,148	$16,298,575	2.1
Market Development Initiative	$-	$-	$-	$617,560	$-	$-	$-	$617,560	$(617,560)	0.0	$-	$617,560	$(617,560)	0.0
Residential Sector Total	**$211,189,673**	**$276,021,088**	**$45,619,480**	**$19,658,243**	**$25,688,697**	**$98,607,030**	**$487,210,761**	**$118,265,273**	**$368,945,488**	**4.1**	**$256,809,153**	**$118,265,273**	**$138,543,880**	**2.2**
Market Transformation Total				**$7,456,853**				**$7,456,853**	**$(7,456,853)**	**0.0**		**$7,456,853**	**$(7,456,853)**	**0.0**
Other Portfolio Costs				**$29,668,485**				**$29,668,485**	**$(29,668,485)**			**$29,668,485**	**$(29,668,485)**	
Portfolio Total w/ IQ	**$472,703,090**	**$599,215,286**	**$60,833,014**	**$98,253,030**	**$82,960,116**	**$198,070,542**	**$1,071,918,377**	**$296,323,572**	**$775,594,804**	**3.6**	**$533,536,104**	**$296,323,572**	**$237,212,532**	**1.8**
Portfolio Total w/o IQ	**$405,927,418**	**$509,531,392**	**$50,514,765**	**$77,650,590**	**$47,406,741**	**$161,622,158**	**$915,458,810**	**$239,272,748**	**$676,186,062**	**3.8**	**$456,442,183**	**$239,272,748**	**$217,169,435**	**1.9**

Source: Evaluation summary of analysis of 2022 through 2025 program and portfolio verified summary reports[7]

[7] https://www.ilsag.info/evaluation-documents/final-evaluation-reports/#nicor

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Table 9. Summary of Program Level Benefits, Costs and Illinois PACT for 2022-2025

Programs	Benefits		Costs			Program Administrator Cost Test (PACT) w NEIs				Program Administrator Cost Test (PACT) w/o NEIs			
	Avoided Gas Savings	All Other Benefits w NEI	Non-Incentive Costs	Incentive Costs	Incremental Costs	PACT Benefits	PACT Costs	PACT Test Net Benefits	PACT Test	PACT Benefits	PACT Costs	PACT Test Net Benefits	PACT Test
(a)	(b)	(c)	(d)	(e)	(f)	(g) = (b+c)	(h) = (d+e)	(i) = (g-h)	(j) = (g/h)	(k) = (b)	(l) = (d+e)	(m) = (k-l)	(n) = (k/l)
Business Custom Rebates, Plus Nicor Gas only RCx	$61,245,017	$9,597	$6,542,661	$9,088,420	$45,244,286	$61,254,614	$15,631,081	$45,623,533	3.9	$61,245,017	$15,631,081	$45,613,936	3.9
Business Energy Efficiency Rebates	$47,522,512	$2,640,844	$8,273,047	$5,735,343	$7,816,346	$50,163,356	$14,008,390	$36,154,966	3.6	$47,522,512	$14,008,390	$33,514,122	3.4
Coordinated Non-Residential New Construction	$4,552,311	$314,353	$830,672	$1,113,240	$1,329,966	$4,866,664	$1,943,912	$2,922,752	2.5	$4,552,311	$1,943,912	$2,608,399	2.3
Coordinated RetroCommissioning (RCx)	$2,541,352	$-	$517,812	$459,541	$1,005,779	$2,541,352	$977,353	$1,563,999	2.6	$2,541,352	$977,353	$1,563,999	2.6
Small Business Program	$17,121,355	$1,172,831	$3,660,673	$2,573,480	$4,870,731	$18,294,186	$6,234,153	$12,060,033	2.9	$17,121,355	$6,234,153	$10,887,202	2.7
Strategic Energy Management	$15,432,855	$-	$1,042,144	$2,748,020	$2,748,020	$15,432,855	$3,790,164	$11,642,691	4.1	$15,432,855	$3,790,164	$11,642,691	4.1
Business and Public Sector Total	**$148,415,404**	**$4,137,624**	**$20,867,009**	**$21,718,044**	**$63,015,128**	**$152,553,028**	**$42,585,053**	**$109,967,975**	**3.6**	**$148,415,404**	**$42,585,053**	**$105,830,351**	**3.5**
Affordable Housing New Construction (AHNC)	$1,275,118	$275,936	$1,146,770	$873,119	$1,443,784	$1,551,053	$2,019,889	$(468,836)	0.8	$1,275,118	$2,019,889	$(744,771)	0.6
Income Qualified Elementary Education Kits (IQ EEE)	$359,155	$28,518	$63,595	$93,765	$171,161	$387,673	$157,360	$230,313	2.5	$359,155	$157,360	$201,794	2.3
Income Qualified Energy-Savings Kits (IQ ESK)	$8,663,107	$6,032,744	$682,225	$1,205,813	$1,367,426	$14,695,851	$1,888,038	$12,807,813	7.8	$8,663,107	$1,888,038	$6,775,069	4.6
Income Qualified Multi-Family	$19,973,611	$1,627,477	$7,746,541	$12,669,998	$13,928,164	$21,601,088	$20,416,539	$1,184,550	1.1	$19,973,611	$20,416,539	$(442,928)	1.0
Income Qualified Single Family	$16,198,945	$538,471	$9,560,809	$19,279,396	$18,272,286	$16,737,415	$28,840,205	$(12,102,790)	0.6	$16,198,945	$28,840,205	$(12,641,261)	0.6
Public Housing Energy Savings	$1,068,778	$735	$1,402,500	$1,431,284	$1,623,704	$1,069,513	$2,833,784	$(1,764,271)	0.4	$1,068,778	$2,833,784	$(1,765,006)	0.4
Income Qualified Total	**$47,538,713**	**$8,503,881**	**$20,602,440**	**$35,553,375**	**$36,806,525**	**$56,042,594**	**$56,155,815**	**$(113,221)**	**1.0**	**$47,538,713**	**$56,155,815**	**$(8,617,102)**	**0.8**
Elementary Education Kits (EEE)	$5,765,644	$3,835,758	$608,946	$1,146,220	$1,546,406	$9,601,402	$1,755,166	$7,846,236	5.5	$5,765,644	$1,755,166	$4,010,478	3.3
Energy-Savings Kits (ESK)	$11,930,335	$8,477,669	$1,267,558	$2,104,666	$2,290,355	$20,408,004	$3,372,224	$17,035,780	6.1	$11,930,335	$3,372,224	$8,558,111	3.5
Home Energy Efficiency Rebates (HEER)	$79,136,928	$12,676,282	$5,401,559	$8,882,195	$57,001,959	$91,813,210	$14,283,754	$77,529,456	6.4	$79,136,928	$14,283,754	$64,853,174	5.5
Home Energy Reports	$11,176,475	$-	$1,070,629	$2,415,731	$2,415,731	$11,176,475	$3,486,360	$7,690,115	3.2	$11,176,475	$3,486,360	$7,690,115	3.2
Home Energy Savings/Assessments	$17,153,942	$5,267,954	$5,370,730	$5,360,044	$17,097,633	$22,421,895	$10,730,774	$11,691,121	2.1	$17,153,942	$10,730,774	$6,423,168	1.6
Multi-Family Program	$12,018,968	$459,242	$3,945,885	$3,690,216	$7,007,613	$12,478,210	$7,636,101	$4,842,109	1.6	$12,018,968	$7,636,101	$4,382,867	1.6
Residential New Construction (Smart Neighborhood Builder)	$17,024,739	$4,848,332	$1,375,376	$2,089,625	$12,894,772	$21,873,071	$3,465,001	$18,408,070	6.3	$17,024,739	$3,465,001	$13,559,738	4.9
Market Development Initiative	$-	$-	$617,560	$-	$-	$-	$617,560	$(617,560)	0.0	$-	$617,560	$(617,560)	0.0
Residential Sector Total	**$154,207,031**	**$35,565,237**	**$19,658,243**	**$25,688,697**	**$100,254,468**	**$189,772,268**	**$45,346,940**	**$144,425,328**	**4.2**	**$154,207,031**	**$45,346,940**	**$108,860,092**	**3.4**
Market Transformation Total	**$-**	**$-**	**$7,456,853**	**$-**	**$-**	**$-**	**$7,456,853**	**$(7,456,853)**	**0.0**	**$-**	**$7,456,853**	**$(7,456,853)**	**0.0**
Other Portfolio Costs			**$29,668,485**				**$29,668,485**	**$(29,668,485)**			**$29,668,485**	**$(29,668,485)**	
Portfolio Total w/ IQ	**$350,161,148**	**$48,206,742**	**$98,253,030**	**$82,960,116**	**$200,076,121**	**$398,367,889**	**$181,213,146**	**$217,154,743**	**2.2**	**$350,161,148**	**$181,213,146**	**$168,948,002**	**1.9**
Portfolio Total w/o IQ	**$302,622,435**	**$39,702,861**	**$77,650,590**	**$47,406,741**	**$163,269,595**	**$342,325,295**	**$125,057,331**	**$217,267,965**	**2.7**	**$302,622,435**	**$125,057,331**	**$177,565,104**	**2.4**

Source: Evaluation summary of analysis of 2022 through 2025 program and portfolio verified summary reports[8]

[8] https://www.ilsag.info/evaluation-documents/final-evaluation-reports/#nicor

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Appendix A. Cost Effectiveness Methodology

As part of the evaluation of Nicor Gas energy efficiency programs for PY2022 through PY2025, Guidehouse performed benefit-cost calculations with data provided by Nicor Gas and Guidehouse-evaluated program results, referencing the IL TRM or Guidehouse research. The focus of this review is on the basis and calculations used to conduct the Illinois TRC test. The Illinois TRC test is defined in 220 ILCS 5/8-104(b)[9] as follows:

> *"Cost-effective" means that the measures satisfy the total resource cost test which, for purposes of this Section, means a standard that is met if, for an investment in energy efficiency, the benefit-cost ratio is greater than one. The benefit-cost ratio is the ratio of the net present value of the total benefits of the measures to the net present value of the total costs as calculated over the lifetime of the measures. The total resource cost test compares the sum of avoided natural gas utility costs, representing the benefits that accrue to the system and the participant in the delivery of those efficiency measures, as well as other quantifiable societal benefits, including avoided electric utility costs, to the sum of all incremental costs of end use measures (including both utility and participant contributions), plus costs to administer, deliver, and evaluate each demand-side measure, to quantify the net savings obtained by substituting demand-side measures for supply resources. In calculating avoided costs, reasonable estimates shall be included for financial costs likely to be imposed by future regulation of emissions of greenhouse gases. The low-income programs described in item (4) of subsection (f) of this Section shall not be required to meet the total resource cost test.*

The Illinois TRC test differs from a traditional TRC test in its requirement to include a reasonable estimate of the financial costs associated with future regulations and legislation on the emissions of greenhouse gases (GHG). Additional benefits included in the calculation are the NEIs and water savings. This difference adds an additional benefit to investments in efficiency programs that typically are included in the Societal Cost Test in other jurisdictions.

In contrast, the PACT approaches cost-effectiveness from the perspective of the utility as program administrator and determines the ratio of energy supply costs avoided by the utility to the overhead and cost outlays that the utility incurred to implement energy efficiency programs. Since the PACT is primarily focused on utility outlays, incentives paid by the utility to either participants or third-party implementers are included in the calculation, rather than incremental or participant costs. Additionally, since non-energy benefits accrue to society rather than to utility implementing the energy efficiency programs, those benefits are not included in the PACT formula.

[9] Public Utilities Act, Illinois Compiled Statutes maintained by the Legislative Reference Bureau, http://www.ilga.gov/legislation/ilcs/fulltext.asp?DocName=022000050K8-104.

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Incremental Measure Cost Approach

Incremental cost is the difference between the cost of the efficient measure and the cost of the most relevant baseline measure that would have been installed (if any) in the absence of the efficiency program. The Illinois Energy Efficiency Policy Manual[10] instructs that installation costs (material and labor) and Operations and Maintenance (O&M) costs shall be included if there is a difference between the efficient measure and the baseline measure in O&M costs. In cases where the efficient measure has a significantly shorter or longer life than the relevant baseline measure, the avoided baseline replacement measure costs should be accounted for in the TRC analysis. The incremental cost input in the TRC analysis is not reduced by the amount of incentives.

Data Assumptions in the Cost-Effectiveness Calculations

Guidehouse identified the following data points in Table 10 for conducting the Illinois TRC test. The data are divided into generic and program-specific categories. The program-specific data points are further subdivided into those (1) provided by the utility, (2) are a result of evaluation activities, and (3) from multiple sources.

[10] Illinois Energy Efficiency Policy Manual, Version 3.0, available at: https://www.ilsag.info/policy/

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Table 10. Data Points Needed to Conduct the Illinois TRC Test

Category	Data Point	Source
Generic	• Avoided Natural Gas Costs: Plan 4 • Avoided Electricity Costs • Loss Factor (Unaccounted-for-Gas Factor) • Plan 4 Non-Energy Impacts Additional Quantifiable Benefit • Weighted Average Cost of Capital	Nicor Gas / ComEd
Generic	• Societal Discount Rate • Greenhouse Gas (GHG) Adder	Illinois TRM[11] and Energy Efficiency Stakeholders Advisory Group
Program Specific	• Verified Participants / Measure Count • Verified Gross and Net Energy Savings • Realization Rate • Net-to-Gross Ratio	Final Evaluation Reports[12]
	• Non-Incentive Costs • Utility Incentive Costs	Nicor Gas
	• Incremental Measure Costs • Measure Life • Water Savings in Gallons and Avoided Water Costs • Electric Savings in kWh and Avoided kWh Costs	Nicor Gas / Guidehouse Evaluation / Illinois TRM / Other

Source: Evaluation Research

[11] Illinois Statewide Technical Reference Manual (Illinois TRM). Available at: https://www.ilsag.info/technical-reference-manual/
[12] Evaluation documents are available at: https://www.ilsag.info/evaluation-documents/final-evaluation-reports/

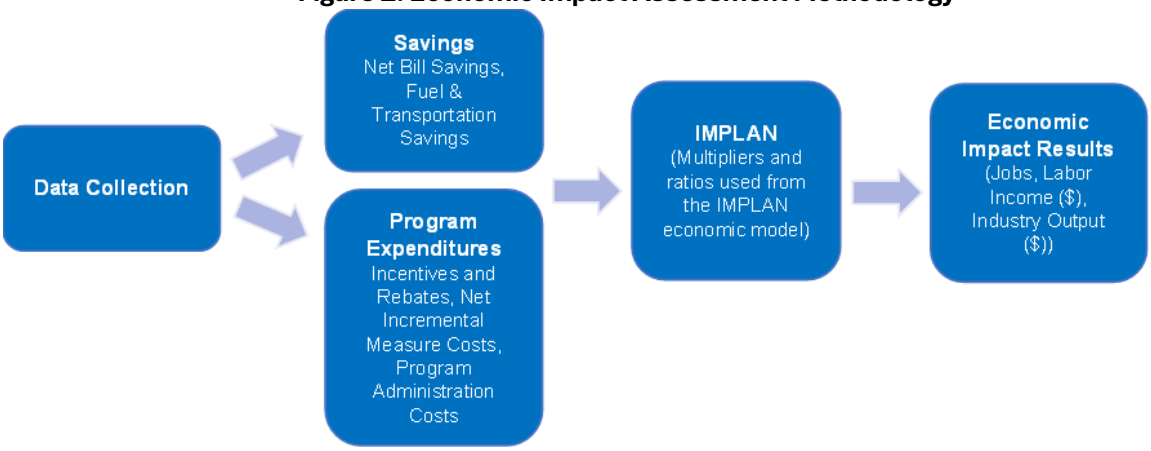
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Appendix B. Economic Impact Analysis Methodology

The economic impact assessment for energy efficiency programs follows a three-step process (depicted in Figure 2):

1) Data collection of the economic activities of the energy efficiency programs
2) Economic modeling of these activities using IMPLAN[13]
3) Analysis of the results – summarizing and assessing the economic measures (e.g. industry output, labor income, and jobs)

Figure 2. Economic Impact Assessment Methodology



Source: Evaluation Research

[13] IMPLAN is an economic analysis software used to estimate the impact of an economic activity on a specific geographic area. The analysis uses IMPLAN 2021 data for Illinois to capture the effect of program spending on the Illinois economy. For more information, see https://implan.com/

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