

2024

Quarterly Report Second Quarter

April 1, 2024 - June 30, 2024



Energy
Efficiency
Program

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Portfolio summary

Year-to-date results

January 1, 2024 – June 30, 2024

5.96M

Net savings
to date

42.3%

Percent of
planned savings

14.1M

Annual
savings goal

\$24.9M

Spend
to date

54.5%

Percent of
planned spend

\$45.7M

Annual
budget

Key portfolio highlights

- Healthy Homes closed the first quarter with 15 assessments completed and 12 more in the pipeline, along with 30 additional leads.
- On track to meet or exceed our Air Sealing and Insulation stipulated goal of an average of 1850 homes weatherized, per year. Through the second quarter this year, the Program has completed 974 single-family homes and 312 multi-family units for a total of 1,286 projects.

- The Small Business Program is working to support small businesses in disadvantaged communities to reduce their energy burden. Thus far in 2024, 73% of assessments and 70% of therm savings, within our Small Business Program, were achieved within these disadvantaged communities.

Residential programs



Key highlights

- In May of 2024, Nicor Gas redesigned the residential new construction offering to promote whole home energy efficient design that includes energy efficient natural gas equipment for space and water heating, above code air and duct sealing requirements, and smart thermostats.
- To meet the stipulated unit count, the Multi-Family Air Sealing and Insulation offering set a goal of 500 MF units to be served in 2024. Through the second quarter the Multi-family ASI offering has served 312 units or 62% of the annual unit goal.
- Through the second quarter, the Home Energy Efficiency Rebate Program incentivized 4,916 high-efficiency furnaces, boilers, and tankless water heaters, as well as 5,404 smart thermostats to our customers.

Program overviews

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-efficiency natural gas space-heating equipment as well as other targeted measures in residential applications.

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.

Multi-family (MF)

The Multi-Family (“MF”) program 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 provides property owners with turnkey services to reduce energy and water use in residential living units, communal areas and in the building shell.

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.

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.

Residential programs

Home Energy Efficiency Rebates (HEER)

Savings achieved to date – 1,203,152 Net Therms

- Through the second quarter, the Program incentivized 4,916 high-efficiency furnaces, boilers, and tankless water heaters, as well as 5,404 smart thermostats to our customers.
- A key driver of the program's success through the second quarter was furnace replacements. The program incentivized 3,365 - 95% AFUE and 1,273 - 97% AFUE furnace replacements. We are seeing that more people are starting to replace their furnace with the 97% AFUE furnaces. In fact, through the second quarter, we have incentivized over a thousand more 97% AFUE furnaces than originally anticipated.
- Through the HEER program, the Company plans to seek more opportunities to promote smart thermostat via targeted outreach and working jointly with the electric utilities on limited time offers.

Home Energy Savings (HES)

Savings achieved to date – 212,546 Net Therms

- The Self-Assessment Portal (SAP) offering through the second quarter has proven to be a very cost-effective program with a dollar per therm of \$0.92 on average. The offering through the second quarter has served 918 customers. This new market-rate offering asks the customer a series of questions on how their home uses energy, to better understand savings potential through energy efficiency. All offered measures are standard in all other home assessment paths. These free measures are mailed directly to the customer's home for self-installation, except for smart thermostats which require a co-pay.
- Through the second quarter, the Air Sealing and Insulation offering of HES served 974 single-family homes with weatherization services. The offering has leveraged marketing campaigns to create visibility in the program and will allow us to achieve our annual goal of 2,000 units served in 2024.
 - The ASI offering has brought in several new TA's through the course of the year such as: Koala Insulation of North Chicagoland, Koala Insulation of Northern IL, and NM Enterprise. These new TA's along with existing TA's have driven the success of the program and will help the Company reach the stipulated unit goal for the program.

Residential programs

Multi-family (MF)

Savings achieved to date – 62,669 Net Therms

- The Central Plant Optimization Program has predominately incentivized boiler tune-up projects and steam boiler averaging control projects through the second quarter of 2024. We have utilized a marketing leave behind card to promote the offering along with targeted marketing to premises with a central meter system.
- To meet the stipulated unit count, the Multi-Family Air Sealing and Insulation offering set a goal of 500 MF units to be served in 2024. Through the second quarter the Multi-family ASI offering has served 312 units or 62% of the annual unit goal.
- Through the second quarter, the Multi-Family Prescriptive program has completed 2 boiler replacements and 6 boiler tune-ups. The program has also incentivized furnace replacements and pipe insulation.
- The Custom portion of MF has continued to see lower than expected participation, but ongoing marketing and outreach campaigns will raise visibility with customers.

Residential New Construction (RNC)

Savings achieved to date – 315,625 Net Therms

- In the second quarter of 2024, 515 homes were completed and received incentives.
- In May of 2024, Nicor Gas redesigned the residential new construction offering to promote whole home energy efficient design that includes energy efficient natural gas equipment for space and water heating, above code air and duct sealing requirements, and smart thermostats. In addition to this, engage builders on innovative technologies like dual fuel heating systems, high performance windows and insulated concrete forms. During the second quarter, Nicor Gas saw an average of 10% increase in savings per home with the redesign.
- There are four qualifying tiers with the redesigned residential new construction offering and the highest tier was developed with inspiration from the net-zero design of the Nicor Gas Smart Neighborhood projects. In the second quarter, the bronze tier was the most popular tier with 98 qualifying homes. This tier includes above code air and duct sealing requirements, 95%AFUE or greater natural gas furnace, natural gas water heater and smart thermostat.

Residential programs

Energy Education and Outreach

Energy Saving Kits (“ESKs”)

Savings achieved to date – 141,807 Net Therms

- In the second quarter of 2024, Nicor Gas distributed 3,219 ESKs to customers, of which 1,487 were water-saving kits and 1,732 were weatherization kits.
- Nicor Gas utilized our Marketing and Outreach team to drive the success of this program. The Outreach team attended 50 community events during the second quarter to educate customers on the energy efficiency measures and distributed 1,066 kits.

In the second quarter of 2024, Nicor Gas distributed a total of 3,219 ESKs to customers, of which 1,487 were water-saving kits and 1,732 were weatherization kits.

Elementary Energy Education Kits (“EEE kits”)

Savings achieved to date – 172,040 Net Therms

- In the second quarter, Nicor Gas partnered with ComEd to deliver 3,287 kits to schools. Out of which, 2,791 joint kits were delivered to schools in non-IE territories and 496 joint kits were delivered to schools in IE territories.
- School selection is intentional and focuses on enrolling schools from various socioeconomic levels and racially diverse student populations. The program also strives to include up to five schools that focus on students with special needs.
- Surveys from teachers are collected regularly to ensure quality content is provided to students. Here is some feedback that was received: “I really love how there were kits included for each and every student. Students used these kits and were very enthusiastic about conserving energy ever since they participated in this program.”

Home Energy Reports (“HER”)

Savings achieved to date – 287,000 Net Therms

- During the second quarter of 2024, Nicor Gas has continued delivering emailed and printed Home Energy Reports to customers. The approximate reach for the HERs in the second quarter of 2024 is 550,000 customers.
- The HER program is a behavioral program designed to combine feedback on energy use with contextual information that helps educate and motivate customers to reduce their energy use while increasing customer satisfaction and engagement.

Income-eligible programs



Key highlights

- In partnership with the Community Action Agencies within our territory, we have served 113 single-family homes with direct installs and weatherization through our SF IHWAP offering within the 2nd quarter.
- Through Healthy Homes, fifteen assessments have been scheduled, and twelve assessments have been completed. Outreach efforts have expanded to include Maywood and Calumet City, into Q3.
- MF Retrofits has completed phase one of the project at The Kingery Quarter, within the second quarter. The property is in Willowbrook, through

Income-eligible programs

the Hinsdale Point Condo Association, and is a 300-unit campus spread across 12 buildings of 25 units each, and energy efficiency measures were installed in the common areas. Phase one consisted of domestic hot water pump controllers in 300 units.

Program overviews

The objective of the Income-Eligible Energy Efficiency (“IE”) program is to provide broad and deep energy efficiency opportunities to income-eligible customers living in single-family homes and 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
- Healthy Homes
- Affordable Housing New Construction (AHNC)
- Energy Saving Kits

Single-family/Multi-family Weatherization and Retrofits Program overview

Savings achieved to date – 580,935 Net Therms

- In partnership with the Community Action Agencies within our territory, we have served 113 single-family homes with direct installs and weatherization through our SF IHWAP offering within the 2nd quarter. This quarter, the SF IHWAP offering provided \$762,737 in incentives that funded 113 projects and saved customers a total of 55,557 therms. The offering ended the second quarter at 42% to our annual incentive goal and 35% to our annual savings goal. The project saved customer 346 therms and There were no MF IHWAP projects completed this quarter, but the project scope of the Pheasant Ridge project in Orland Hills is being prepared by CEDA for utility review.
- The SF Retrofits offering has served over 238 single-family customers this year. The success of the SF Retrofits offering is attributed to the partnerships with 28 community-based organizations, which increase the reach of our programs into their communities. The SF Retrofits offering ended the second quarter at 74% to our annual incentive goal and 57% to our annual savings goal. Measure costs continue to increase but steps by the Program team to work more closely with Trade Allies have proven to be effective at maximizing project and measure-level savings.
- This quarter income eligible home assessments served 1,458 customers by installing \$160,825 in direct installs and saving customers a total of 83,530 net therms. This cost-effective new offering ended the second quarter 99% to the annual incentive goal and 100% to the annual savings goal.
- MF Retrofits closed out the second quarter 59% to the savings goal and 50% the incentive budget. The offering is operating at a less cost-effective rate than planned, due to many weatherization and health and safety projects being completed this quarter. However, the current pipeline of projects to be completed next quarter is forecasted to be much more cost-effective. Through MF Retrofits, we have served 4,402 MF units this quarter. The Kingery Quarter project was completed this quarter, and the property is in Willowbrook - Hinsdale Point Condo Association. It is a 300-unit campus spread across 12 buildings of 25 units each, and energy efficiency measures were installed in the common areas. The first phase consisted of domestic hot water pump controllers in 300 units resulting in \$54,450 and 18,810 therm savings. Phase two will include air sealing and attic insulation, as well as health and safety. The health and safety measures included addressing mold issues, ceiling mitigation and reinforcement, and properly terminating exhaust fans. The second phase will begin next quarter and is anticipated to save an additional 30,454 therms and \$377,256 in incentives (of which, \$85,536 is health and safety.) The property is eager to get underway with the remaining work ahead of the next heating season and make their residences even more efficient.

Public Housing Authority

Savings achieved to date – 18,327 Net Therms

- 394 units were served in Q2 within PHA (Public Housing Authority) in partnership with the Lake County Housing Authority (LCHA). These projects provided weatherization and health and safety building upgrades totaling \$68,706 in incentives and saved the customers 5,291 net therms. Through Q2, this offering is 29% to the annual savings goal and 19% to the annual incentive goal.
- Furnace tune-ups (FTU) measure continues to be extremely popular with customers; PHAs often indicate that furnaces have not been tuned up since the initial installation. MFES (Multi Family Energy Savings) team members first met staff from Lake County Housing Authority (LCHA) at the 2023 Illinois NAHRO Annual Meeting. LCHA had a positive impression of the MFES offering based on conversations with colleagues at other participating PHAs. LCHA staff expressed interest in various energy efficiency projects, including furnace tune-ups for their scattered sites. FTUs were completed at all LCHA scattered sites, which includes single family homes owned by LCHA in both Nicor Gas and North Shore Gas territories. FTUs are not comprehensive for a single site, but they can be considered comprehensive in that the measure provides a straightforward way for the PHA to maintain the equipment across the scattered site portfolio. In some cases, the FTUs also allow PHAs to work with MFES contractors to update critical equipment records that will help PHA staff to better maintain equipment in the future. We served 40 homes with furnace tune-ups, which totaled \$7,000 in incentives and saved 620 therms.

Healthy Homes

Savings achieved to date – 66 Net Therms

- The program partners Blue Cross Blue Shield of Illinois (BCBSIL), American Lung Association (ALA) and Nicor Gas agreed to expand the Healthy Homes offering to specific income eligible zip codes in Joliet and Kankakee. Partner supported outreach efforts were successful in these areas, and we contacted all pediatric customers with diagnosed respiratory illnesses like asthma or COPD and have expanded outreach efforts for the remaining adult customers. Fifteen assessments have been scheduled this quarter, twelve assessments were completed, and thirty leads were passed from the outreach team. Healthy Homes claimed 66 therms in savings and incentivized \$5,869 in comprehensive weatherization, health, safety, and indoor air quality improvements for one customer in Joliet. The annual participation goal of serving twenty single-family and ten multi-family customers is still achievable given the successful outreach efforts and growing project pipeline. The program partners also agreed to expand to Maywood and Calumet City, which outreach efforts expected to begin next quarter. Finally, JNP Resources was added to the program as an additional weatherization Trade Ally, that has had great success in our Air Sealing and Insulation offering.

Affordable Housing New Construction

Savings achieved to date – 28,864 Net Therms

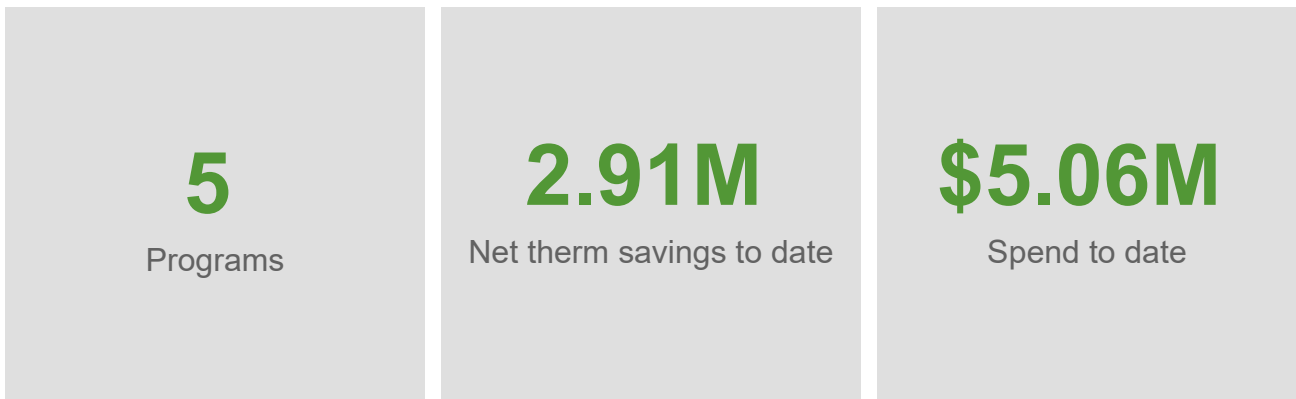
- In the second quarter, the program incentivized two projects with 36 housing units. One of the projects is a 16-unit permanent supportive housing development in Broadview, IL. The other project is a 20-unit health center and housing development in Maywood, IL.

Energy Savings Kits

Savings achieved to date – 267,940 Net Therms

- In the second quarter of 2024, Nicor Gas distributed 4,878 ESKs to IE customers.
- Nicor Gas leveraged various channels to deliver kits to customers. Nicor Gas partnered with ComEd to deliver 3,787 kits through leads received from CAAs. Nicor Gas utilized our Marketing and Outreach teams to deliver 1,091 kits to customers.

Business programs



Key highlights

- Through our Custom program, Perfetti Van Melle an industrial customer, completed an assessment that resulted in a controls project opportunity with 382,000 therms being realized.
- The Program team has worked on converting past assessments to projects by educating customers on IAC (Industrial Assessment Centers) grant opportunities. Past customers have been contacted that previously completed assessments. The Program team focused on delivering additional impact to Small and Medium-sized Manufacturing, including water and water treating facilities, by educating the customers and Trade Allies on eligible DOE (Department of Energy) Industrial Assessment Centers (IAC) Implementation Grant Program.

Program overviews

Business Energy Efficiency Rebates

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.

Business New Construction

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 current energy codes.

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 inform the customer of 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 (Heating, Ventilation, Air Conditioning) systems in existing buildings. The aim of the retro-commissioning offering is to optimize operation and improve facility efficiency by returning equipment to its intended operation or design specifications. The Custom program also includes a Combined Heat and Power (CHP) offering.

Small Business Energy Savings

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.

Strategic Energy Management

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

Business Energy Efficiency Rebates

Savings achieved to date – 1,385,460 Net Therms

- 28% of the year end therms goal was actualized by the end of Q2, steam traps and process boiler tune-ups are the largest drivers of therms savings in 2024. Working closely with past participants and Trade Ally's to maximize the savings potential from these key measures with targeted Outreach efforts in the Education and Manufacturing market segments
- Public sector customer participation continues to drive savings, ending Q2 with the 71% of spend goal and 64% of therms goal. HVAC equipment replacements and tune ups make up most of the pipeline.
- Process boiler tune-up participation accounted for 31% of Q2 therms savings and realized a 75% increase in 2024 participation over 2023 process boiler participation. The majority of the 75% increase was attributed to one trade ally who was a targeted recruit by outreach to join the Business Optimization Program in Q3 of 2023.

Business programs

Business New Construction

Savings achieved to date – 77,416 Net Therms

- In the second quarter of 2024, Nicor Gas incentivized 5 private commercial/industrial new construction projects.

TYPE (*public sector)	SQ. FEET	ANNUAL GROSS THERM SAVINGS	MEASURES
Oak Trace Senior Living Community	3351,892	17,611	<ul style="list-style-type: none"> • Wall Insulation • Windows • Condensing water heaters • Low flow fixtures • Smart thermostats • ENERGY STAR® Appliances
AMG South Elgin	31,400	395	<ul style="list-style-type: none"> • Low flow fixtures
Third Coast Building	1,140,935	33,509	<ul style="list-style-type: none"> • Direct-fired make-up-air units • Wall Insulation
Seefried Building 1	320,582	13,015	<ul style="list-style-type: none"> • Direct-fired make-up-air units
Seefried Building 2	144,249	5,395	<ul style="list-style-type: none"> • Direct-fired make-up-air units

Custom Incentives

Savings achieved to date – 609,840 Net Therms

- The Program ended the 2nd quarter 2% over the forecasted therms goal and at the forecasted spend. This was mainly due to a large-scale retro commissioning project at an industrial facility.
- The Program team has worked on converting past assessments to projects by educating customers on IAC grant opportunities. Past customers have been contacted that previously completed assessments. The Program team focused on delivering additional impact to Small and Medium-sized Manufacturing, including water and water treating facilities, by educating the customers and Trade Allies on eligible DOE Industrial Assessment Centers (IAC) Implementation Grant Program.
- Perfetti Van Melle, an industrial customer, has been a regular participant since 2014. After an inactivity period, the team scheduled an assessment to identify gas savings opportunities. This assessment resulted in a controls project opportunity with 382,000 therms being realized.

Small Business Energy Savings

Savings achieved to date – 729,582 Net Therms

- By the end of Q2, the Program had realized 50% of year end therm savings goal. The outreach team is focused on one-on-one outreach efforts with the trade allies, which has resulted in consistent engagement and participation.
- The Program is working to support small businesses in disadvantaged communities to reduce their energy burden. Thus far, 73% of assessments and 70% of therm savings were achieved within these disadvantaged communities.
- Charm Cleaners has been an annual participant in the Small Business Program replacing steam traps since 2018. In 2024, they decided to follow up their steam trap replacement project, in April, with a Boiler Tune-up in May. This saved an additional 980 therms, bringing their 2024 savings up to 10,700 therms

Strategic Energy Management

Savings achieved to date – 108,282 Net Therms

- Wheeling school district 21 added 19k therms in Q2 to prior Trialco savings of 88.8k therms.
- The Ferrara Bellwood model has been submitted for review showing 362k therm savings in Q3.
- SEM 2024 Customer Engagement workshop was held for First Year participants. SEM success stories include reducing pre-heat waste with door use, improved awareness of energy use data, team incentives, awards given with improved energy efficiency, easy implementation of SEM quick hits, adjusting temp set points.
- Energy scans were completed at Rochelle Foods, ISU and an opportunity register was completed at Woodward.

Emerging technology and market transformation

Program overviews

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 pilot demonstrations.

ETP continues work on ongoing field pilot projects. The continued active projects are as follows:

1175- Fume Hood Control Valves

- Add or retrofit airflow control valve in laboratories. Consists of fume hood valves, supply duct, exhaust duct valves and sensors, all integrated with digital controls.
- Precise control of fume hood air flow based upon open sash area thus minimizing ventilation heating load, saving energy.
- ETP signed the official field test agreement in place with Elmhurst University for pilot demonstration.
- ETP developed the field test plan for the pilot project.
- ETP performed baseline fume hood certification as a part of the pilot.

- ETP is currently procuring data acquisition systems for pilot data collection.

1184- DHW Electronic Master Mixing Valves

- DHW Electronic Master Mixing Valves (EMMV) incorporate electronic components including temperature sensors that can be programmed to control the inlet valves and accurately deliver tempered water temperature from a domestic water heater.
- ETP prepared a site recruitment flyer to be shared with potential sites.
- ETP developed the action plan for pilot project execution.

1188- Commercial Hybrid RTUs

- Rooftop units with gas fired furnace and heat pump with packaged controls for switchover operation optimization. Hybrid RTUs are installed in pilot demonstration site.
- ETP performed modeling analysis to determine natural gas savings and impacts associated with the pilot project.
- ETP commissioned M&V (Measurement & Verification) installation and operation startup for pilot data collection.

1166- Emerson Sensi Field Study

- A sensor suite from Emerson to monitor existing furnace and air conditioner. If the system is newly installed, then it will verify proper/optimal installation while on an older system, it will monitor based on target performance.
- Lab study completed. Field study is ongoing at 30 test sites. We are currently monitoring HVAC system operation data and are

Emerging technology and market transformation

interfacing with the end users to provide insight on their HVAC system operation.

- The manufacturer decided to terminate the product offering and support for this technology and opted not to share project specific datasets for final analysis.
- ETP is decommissioned Sensi devices from interested host sites through a licensed contractor.
- ETP prepared and shared title transfer ownership documentation to the remaining 17 test site participants who have not opted to decommission the sensi equipment.
- ETP developed a draft Memo Report with project findings, challenges, and recommendations.

1167- Phase Change Ceiling Tile

- New engineered dual-temperature phase change material (PCM) technology that positively impacts HVAC energy consumption, improves HVAC cycling profiles, and extends HVAC lifespan during both summer and winter seasons.
- ETP concluded data monitoring for the pilot.
- ETP completed final data analysis for reporting.
- ETP to develop the final report as the next step.

1165- Smart Fuel Switching Control - Hybrid Residential HVAC

- Cloud-based technology is designed to reduce utility costs and GHG (Green House Gas) emissions in residential space heating by optimizing the operation of a hybrid heating system, consisting of a natural-gas furnace (or mini boiler) and an electric air source heat pump (ASHP). Preliminary lab testing based GHG emission and cost-based switching for cold climate operation was completed.
- ETP worked with the manufacturer to fix the fuel-switching algorithm for both emissions and operating cost reduction operating modes.

- ETP concluded retrofit performance monitoring for the 2023-24 heating season with Improved fuel switching algorithm.
- ETP discovered further issues with the functional algorithm of the technology.
- ETP connected with the manufacturer to identify the root cause behind the issues. ETP plans to suspend the pilot study as the manufacturer still needs to perform further development for full functional performance.

1176- Cloud Based Building Optimization Platform

- Predictive, self-adapting Artificial Intelligence used to control and optimize Description building HVAC systems.
- ETP had discussion with manufacturer to onboard them onto pilot study. Ongoing discussion on Action Plan and site recruitment.
- ETP reviewed manufacturer provided potential customer list in Illinois and decided not to pursue a pilot project.
- ETP plan to review other vendors for pilot project consideration.

1157- Small Commercial Boiler Manufacturer Controller

- Remote monitoring of central boiler-based heating and domestic hot water systems to identify operational inefficiencies and proactively maintain systems in real-time.
- Pilot Project is suspended as there is an existing measure in the IL TRM (Technical Reference Manual).
- ETP plans to review further developments in this product category for EE program considerations.

1119- Venturi Steam Trap – Field Evaluation Study

Emerging technology and market transformation

- Venturi steam traps are an energy efficient condensate removal technology for steam systems, and they have lower failure rates than traditional steam traps.
- ETP completed the field evaluation of the Venturi steam traps and collected in-depth end user feedback to validate the performance and effective useful life of the technology.
- The final project report is completed, and it is under legal review for publishing.

Residential Energy Modeling Decision Making Tool

- ETP discussed with a vendor their software tool that utilizes an energy modeling-based approach for making energy efficiency improvement decisions in homes.
- ETP reviewed the information provided by the vendor and decided not to pursue a pilot.
- ETP is looking to consider and pursue other vendors for a cost-effective pilot demonstration.

One ETP workpaper is submitted for inclusion in the Illinois Technical Reference Manual version 13 for the following emerging technologies.

1185- Commercial Secondary Windows

- Envelope retrofit technology in commercial buildings that improves thermal performance of poorly performing existing windows.
- The technology involves one or more transparent panes in a frame that attaches to the interior or exterior of existing windows without replacing the original glass or frame.

- ETP developed final workpaper and a supplementary energy savings calculator tool and submitted the workpaper to be included in Illinois TRM v13.
- Draft Illinois TRM v13 is currently published with the commercial secondary windows measure included in it. Stakeholders are currently reviewing the draft TRM for comments.

1179- Residential Gas Heat Pumps

- ETP is planned to develop a technical workpaper on residential gas heat pumps for inclusion in Illinois Technical Reference.
- ETP to perform energy modeling based on actual performance data from commercially market ready residential gas heat pump equipment. ETP is waiting for Gas Heat Pump performance data from lab testing.
- ETP performed due diligence, established baseline, and retrofit conditions.
- ETP performed energy modeling on baseline systems.
- Technical workpaper development postponed to 2025 due to delay in lab testing- performance characterization of market ready- gas heat pumps.

ETP is writing and completing final pilot project reports for the following completed pilot projects.

Reports to be published on ETP website in Q2 2024 and their progress status are provided below.

#1147 SmartDry – Final report is published.

#1119 Venturi Steam Trap Field Evaluation Study – Final report is completed and ready for publishing.

#1123 Thermostatic Radiator Valves – Final report is completed and ready for publishing.

Emerging technology and market transformation

- #1115 On Demand Boiler Array – Final report development in progress.
- #1119 Venturi Steam Trap Field Evaluation Study – Final report internal review.
- #1166 Emerson Sensi Lab Study Memo Report - Final report internal review.
- #1008 RE - Gradient Thermal- Final report internal review.
- #1167 PCM ceiling Tile study – Draft report development in progress.

New ETP Applications

#1183 AuditMaster Pro

- Technology claims to identify HVAC energy losses to identify potential energy conservation measures. ETP completed application review and has decided not to pursue a pilot project around this technology.

#1186 MyHeat Imagery

- Technology claims to map thermal heat losses from buildings to identify energy efficiency upgrades. ETP reviewed the application and recommended not to pursue a pilot project around this technology.

#1187 Axiom Energy Group

- The application is based on Micro CHP based technology. ETP reviewed the application and recommended not to pursue a pilot project around this technology as there are existing research

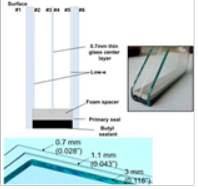


results associated with this technology along with a prescriptive Illinois TRM measure.

Market Transformation

The MT program's goal is to accelerate the adoption of energy efficient products and/or services to maximize energy savings for Nicor Gas' Energy Efficiency Program. The MT program focuses on specific MT initiatives targeting technologies and services. This includes recruiting partners to bring these technologies forward, development of the MT logic and framework, and implementing activities to support the adoption of the targeted technologies and services. The MT program also focuses on expanding MT activities locally in Illinois including at the SAG, regionally, and internationally to leverage cross cutting opportunities with other utilities and organizations pursuing MT.

- In the 2nd quarter of 2024, Nicor Gas continued to work on the market transformation initiatives listed below. This included continued the development of the TRM MT Savings Protocols for the initiatives, in collaboration with some of the other IL utilities and Guidehouse. Nicor Gas was also presented on June 10, 2024, to the MT SAG Working Group meeting the High-Performance Window Natural Market Baseline and Efficient Rooftop Units Initiative – Logic model and Market Progress Indicators. Nicor Gas asked for comments and feedback from the MT Working Group to move forward to finalize these initiative documents. No comments or additional feedback was provided for finalizing.

Emerging technology and market transformation

Market Transformation Initiative	Initiative Details	Utility Participation	2024 Brief Status Update
<p>High Performance Windows (HPW)</p> 	<p>Accelerate the adoption of next generation of high performance window products, to improve building envelope thermal performance. A new version of high performance windows provides a U-factor of 0.22 or better roughly the same insulation value (~R-5) of conventional triple pane windows without the added frame thickness and weight; uses the same glazing unit dimensions as double-pane windows; 40% more efficient than typical double-pane windows.</p>	<p>Ameren Illinois, Nicor Gas</p>	<p>Engagement with NEEA and PAWS group to build coalition of market actors supporting advanced windows. Nicor Gas on leadership committee and chairing the Utility Working Group.</p> <p>High performance window measure submitted update for the IL TRM for v13. Revising savings based off updated weather data provided by TAC.</p> <p>Natural Market Baseline finalized. Developing theory based evaluation plan with evaluator.</p> <p>Scoping and launching new construction windows pilot, layered into existing new construction program.</p>
<p>Codes Engagement Pilot</p>	<p>Codes Engagement Pilot is a small scale outreach and engagement pilot to partner with interested municipalities in communicating the value of codes and other Nicor Gas program offerings to meet municipality sustainability goals or policies.</p>	<p>Nicor Gas</p>	<p>Developing engagement plan, and drafting collateral and talking points for Nicor Gas Community Affairs team.</p>
<p>Gas Heat Pumps</p> 	<p>Next generation of highly efficiency gas technology achieving great than 100% efficiency levels. Nicor Gas efforts are to help Accelerate the market adoption of the next generation gas heat pump technologies for water heating and space conditioning. Currently participating in the North American Gas Heat Pump Collaborative with 17 total Utilities in North America including Canada.</p> <p>Conducted manufacturer engagement with GHP manufacturers to coordinate on future activities. Developing collateral to build awareness and a residential TRM workpaper. Developing adoption rates for GHPs in Nicor's service territory.</p>	<p>Nicor Gas, Peoples Gas, Northshore Gas</p>	<p>Participation in the North American Gas Heat Pump Collaborative (NAGHPC) as a board member.</p> <p>Continued conducting manufacturer engagement with GHP manufacturers to coordinate on future activities. Developing collateral to build awareness and a residential TRM workpaper. Developed adoption rates for GHPs in Nicor Gas' service territory.</p> <p>Finalized logic model, market progress indicators. Finalization of natural market baseline with independent evaluators.</p> <p>Coordinating with GTI to interview contractors of pilot sites to leverage installs in IL.</p> <p>Pilot for small scale installations planned with a first to market manufacturer for residential sized GHPs. Participant interviews planned.</p> <p>Collaboration with operations teams on developing program design recommendations for residential GHPs in EEP.</p>
<p>Efficient Rooftop Units</p> 	<p>Researching efficiency of rooftop units through product differentiation and ultimately standards. Performing quantitative market research for developing IL natural market baseline and logic model development.</p> <p>Partnering with GTI and NEEA to further document understanding of market dynamics and align on market approach and strategy.</p>	<p>Nicor Gas, NEEA, GTI</p>	<p>Partnering with NEEA and GTI on: quantitative market research, developing IL natural market baseline, and logic model development. Participation in national committee hosted by CEE on product definition.</p> <p>IL market characterization research complete, defining existing and new replacement RTU market in Nicor Gas service territory.</p> <p>Final logic model and market progress indicators. Reviewed with independent evaluators. Finalization of natural market baseline.</p> <p>Additional modeling to develop data, results to develop workpaper for IL TRM.</p>

Nicor Gas Company

Administrative Flexibility

Administrative Flexibility

- **Administrative Flexibility.** Any Program Administrator-initiated proposed budget shift of fifty percent (50%) for Programs with budgets under \$5 million or twenty percent (20%) for Programs with budgets over \$5 million shall be brought to the SAG when practicable, but no later than the next quarterly SAG meeting. It shall also be reported to the Commission in the quarterly reports.
- **Actions.** Nicor Gas has not exceeded the flexibility provisions authorized by the Commission in its Final Order.

Responses to evaluator recommendations (Refer to Appendix B)

Program Activities: Nicor Gas shall summarize the following:

Program activities
Implementation modifications
Additions or discontinuations of specific measures or programs.
Spending and savings amounts compared to the Plan filing
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
Pilots completed and the results

Actions:

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

New measure cost-effectiveness

Cost Effectiveness of New Measures (table by measure) Cost-effectiveness screening results for new measures.

- **Actions.** There are no new measures included in programs shown in Appendix A.

Cost-Ineffective Measures (explanation of why they were included) Explain reasons for including new cost-ineffective measures in programs.

- **Actions.** There are no new measures included in programs shown in Appendix A.

Stipulations

**Weighted Average
Measure Life**

13.17yrs

Stipulation: ≥ 11.91 years

**Public Sector Spend as a % of
Overall Portfolio Spend**

8.72%

Stipulation: Minimum of 10%

**Average Income-Eligible
Spend to Date**

\$ 11.97M

Stipulation: At least \$13M per year

**% of IE Spending in
Multi-Family Housing Units**

33.63%

Stipulation: At least 30% of units treated

Supplier Diversity

The Nicor Gas Energy Efficiency Program will continue to align ourselves with professional organizations and industry groups that support business diversity and inclusion amongst underutilized areas of our business. We will partner with various advocacy organizations, our peer utilities that make up the Illinois Utility Business Development Council (IUBDC), and our diverse partners to host and/or attend diversity-related summits and events that are geared toward the advancement of diverse business enterprises. Furthermore, we will continue to leverage our diverse partners to support the development and increased utilization of diverse businesses.

Tier 1 Diverse Spend

\$12.76M

Tier 2 Diverse Spend

\$2.48M

% of Total Eligible Spend

85.1%

Key highlights

- Total diverse spend increased \$5.7M in Q2 2024 over Q2 2023.
- Engaged 7 (6 prime and 1 sub) new non-profit vendors YTD.
- Non-profit spending increased \$369K in Q2 2024 over Q2 2023.
- Awarded Market Development Initiative (MDI) Assessment bid to an MBE diverse vendor.

VENDOR TYPE	% SPEND	PRIME	SUB	TRADE ALLIES
MBE certified	9.8 %	\$1,114,141	\$634,928	\$73,961
WBE certified	69.1 %	\$10,668,101	\$1,714,181	\$1,163,756
VBE certified	3.4 %	\$616,573*	\$0	\$0
Non-profit vendors	2.7%	\$457,512	\$33,571	N/A

* The figure is inclusive of sub and prime spend.

Impact

 **270M+**
in incentives since 2011

- Residential and multi-family customers: energy-saving kits and home assessments
- Commercial and public sector customers: building system optimization, energy-saving projects
- Income-qualified customers: comprehensive energy upgrades at no cost
- Rebates for energy-efficient products and improvements

 **235M+**
first year therms saved since 2011

- Avoids more than 1.24M metric tons of CO2 emissions
- Equivalent to the CO2 emissions generated by 296K passenger vehicles over the course of a year

 **1.35M+**
customers in 643 communities have participated

- \$198 average incentive per customer
- Engaged 217K elementary school students in energy efficiency education

 **\$2.30B**
Economic activity spurred since 2011

- 10.6K jobs supported since 2011
- \$131M spent with diverse suppliers
- \$891M wages supported since 2011

Awards and recognition

Since launching in 2011, the Nicor Gas Energy Efficiency Program has received 21 awards from local, regional, national, and international organizations. The program has been recognized for excellence in evaluation, innovation, marketing, program design and research.

Marketing awards

- 2022 Inspiring Efficiency Marketing Award
Awarded for the Care Package effort
- 2020 Gold Stevie Award
Awarded for the Unexpected Love Story campaign from the American Business Awards
- 2020 Inspiring Efficiency Marketing Award
Awarded for the Unexpected Love Story campaign
- 2019 Gold Stevie Award for Women in Business
Awarded for the Unexpected Love Story campaign in its marketing for women, created by a woman-led team.
- 2017 Inspiring Efficiency Marketing Award for Multicultural Marketing Strategy
Awarded for multicultural marketing strategy including demographic research, event outreach, hyper-local print publication placements and digital ads.
- 2015 Inspiring Efficiency Marketing Award for Customer Journey Strategy
Awarded for marketing & communications strategy including customer journey-mapping, overhauling communications with energySMART rebranding, and Customer Stories campaign
- 2015 Inspiring Efficiency Education Award
Awarded for "What's in the Box" campaign focused on understanding how a furnace works
- 2014 Bronze Stevie Women in Business Award for Consumer Marketing Campaign of the Year
Received bronze placement for energySMART "Customer Stories" campaign
- 2014 AESP Energy Award for Outstanding Achievement in Non-Residential Marketing
Presented for "6 million therms" steam trap infographic campaign
- 2013 E Source Ad Awards Crowd Pleaser Award
Presented for peer recognition for "6 million therms" steam trap infographic campaign
- 2013 Inspiring Efficiency Marketing Award
Presented for Nicor Gas Energy Efficiency Program's "Summer Staycation" campaign
- 2013 Gold Stevie Award for Utility Marketing Campaign of the Year
Presented for Nicor Gas Energy Efficiency Program's "Liberate" campaign

Awards and recognition

Other awards

- 2019 AESP Energy Award for Outstanding Achievement in Market Research and Evaluation
Awarded for Nicor Gas's Market Research and Evaluation Initiatives through the Market Transformation program.
- 2018 ISTC Sustainability Award
Awarded to the Emerging Technology Program for its efforts to reduce environmental impact and contribute to the growth of a more sustainable economy.

Program awards

- 2014 Inspiring Efficiency Impact Award for Business New Construction Program
Presented jointly to Nicor Gas and ComEd for providing technical assistance on more than 200 business new construction and renovation projects
- 2013 ENERGY STAR Awards Special Recognition
Received special recognition for active collaboration with other Illinois utilities to provide customer-centered energy efficiency solutions
- 2013 ACEEE Honorable Mention for the Economic Redevelopment Program
Received Honorable Mention for leading program designs and practices
- 2013 ACEEE Exemplary Programs Award for the Home Energy Efficiency Rebate Program
Received Exemplary status based on program performance during Summer Staycation marketing campaign
- 2013 ENERGY STAR Homes in Leadership Award
Presented to outstanding partners who have made important contributions to energy-efficient construction and environmental protection
- 2013 ENERGY STAR Special Recognition Energy Efficiency Program Delivery
Received special recognition for energy efficiency program delivery at the ENERGY STAR awards.