

# 2022-2025 Energy Efficiency Plan Filing

## Proposed Plan

*Presented to:* Illinois Energy Efficiency Stakeholder Advisory Group

*Presented by:* Randy Opdyke

October 26, 2020



# Agenda



- 2022-2025 Proposed Plan Overview
- Program Design and Key Changes
- Portfolio, Sector and Program Results
- Review of Stakeholder Recommendations
- Policy Items

# 2022-2025 Proposed Plan Overview

# Portfolio Design Objectives



1. Budget
  - Remain within the 2% statutory budget
  - Meet other statutory constraints (e.g. IQ, public sector)
2. Cost effectiveness
  - Cost-effective portfolio
3. Savings
  - Annual
  - Lifecycle
  - GHG
4. Fairness
  - Provide diverse cross-section of opportunities
5. Diversity
  - Increase opportunities for diverse vendors
  - Increase opportunities in underserved communities
6. Market
  - Maintain stability for trade partners
7. Economic development
  - Provide jobs and economic benefits for Nicor Gas communities



# Portfolio and Program Structure



## Residential

Home Energy Efficiency Rebates (HEER)\*  
Home Energy Savings (HES)\*  
Multi-Family (MF)\*  
Energy Education and Outreach\*  
Residential New Construction (RNC)

## Income-Qualified

Weatherization (Wx)\*  
Public Housing Authority (PHA)\*  
Affordable Housing New Construction (AHNC)\*  
Energy-Saving Kits (IQ-ESK)\*

## Business

Business Energy Efficiency Rebates (BEER)  
Custom\*  
Small Business (SB)  
Strategic Energy Management (SEM)\*  
Commercial and Industrial New Construction (CINC)\*

## Portfolio

Management, Marketing, Evaluation, Emerging Technology (ET), Market Transformation (MT)

\*Joint or coordinated programs with ComEd and/or Ameren and/or Peoples/North Shore Gas

# Programs and Offerings Mirror Existing Portfolio



Residential			IQ			Business		
Program	Component	Offering	Program	Component	Offering	Program	Component	Offering
HEER	HEER Tstat**	HEER Tstat**	IQ Wx	IHWAP SF*	IHWAP*	BEER	Private	BEER
HES	HEA* ASI**	HEA* ASI**		IHWAP MF*	CC**		Public	BOP
MF	DI* CPOP Equipment	DI* CPOP Projects		CC SF**	Healthy Home**		BOP	CFS*
Outreach	HER ESK EEE*	HER ESK EEE*	IQ ESK	Healthy Home SF**	IQ ESK**	Custom	Private*	Custom
				Healthy Home MF**			Public*	RCx*
				PHA			PHA*	Public
RNC	RNC**	RNC**	AHNC	AHNC*	AHNC*	SB	Private	SB
						SEM	Private*	SEM*
						BNC	Private*	BNC*
							Public*	

**Key**

Ongoing offerings in Current Plan
*Joint/coordinated offerings
**Potential joint offerings
<b>New offerings since Current Plan</b>

<b>Total Programs (14):</b>	5	4	5
<b>Total Components (33):</b>	12	9	12
<b>Customer Offerings (25):</b>	11	6	8

- The portfolio largely continues the programs and offerings from the last plan cycle.
- New offerings include:
  - Central plant optimization (CPOP) for multi-family customers and business optimization (BOP) for commercial customers
  - Healthy Home offerings that partner with healthcare and local service agencies to deliver comprehensive income-qualified services
  - Commercial Food Service (CFS), Nicor Gas's first midstream offering, working directly with equipment distributors
- Almost every program coordinates at least one offering with other utilities

# Portfolio Leverages Investments in Innovation



## New Measures and Initiatives

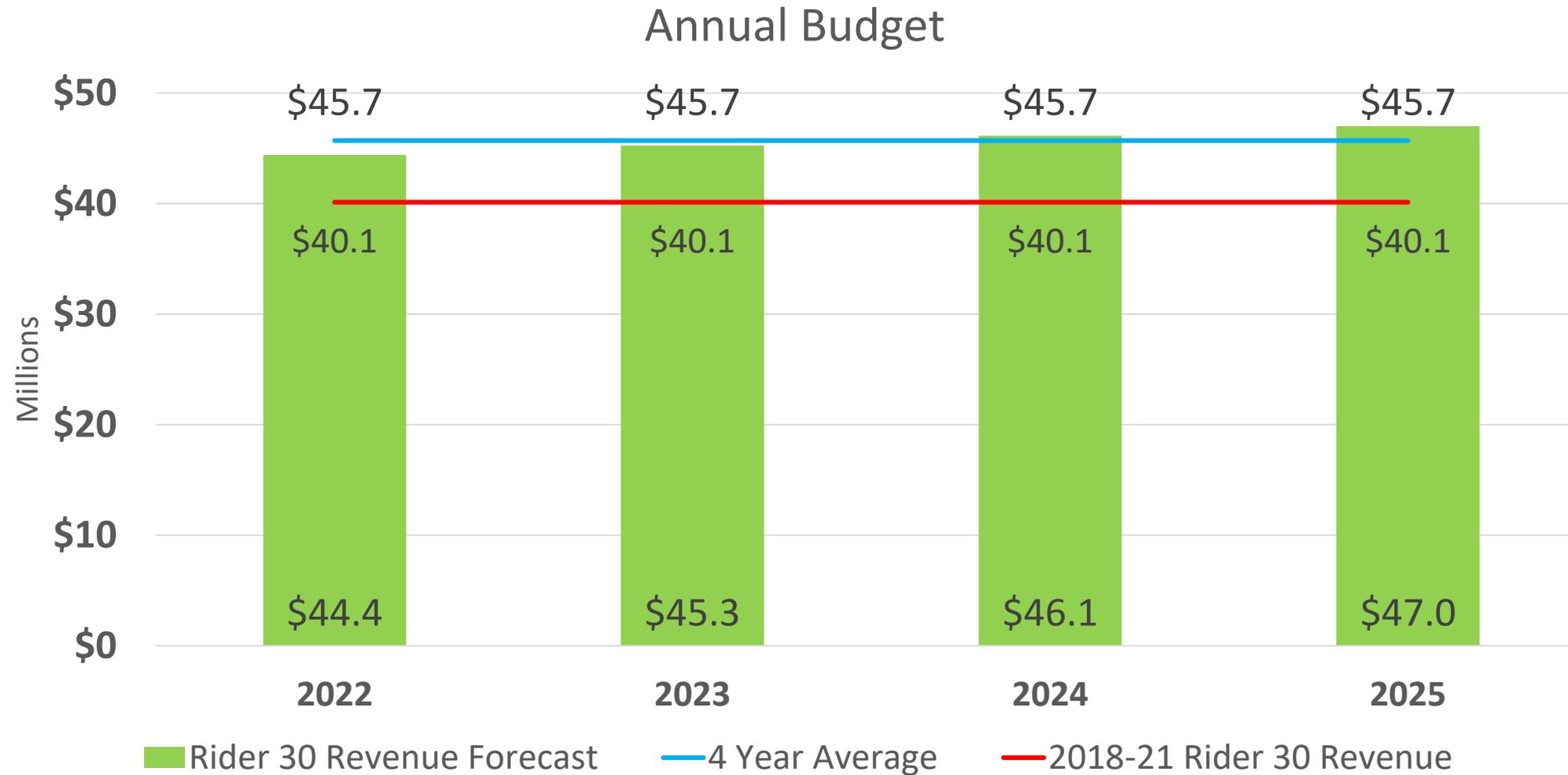
Residential		IQ		Business	
Program	New Measures	Program	New Measures	Program	New Measures
HEER	Tankless WH <b>Gas Heat Pumps*</b>	IQ Wx	Healthy Home Radiator Valve*	BEER	Air Deflector*
HES	<b>3-Pane Windows</b> Virtual Assessments		<b>Gas Heat Pumps*</b> <b>3-Pane Window</b> <b>Low-E Windows*</b>		Door Hinge*
MF	CPOP Radiator Valve* Radiator Replace* Drain Water Recovery* Weatherization <b>Code Advancement</b> DI Direct Delivery		Drain Water Recovery*		Boiler Descaling*
			IQ ESK		IR Heater
		PHA	Venturi Steam Trap*		
		AHNC	<b>Code Advancement</b>	BOP	
Outreach	Wx Kits			CFS	
RNC	Prescriptive Path <b>Gas Heat Pumps*</b> <b>3-Pane Window</b> <b>Code Advancement</b>			Virtual Assessments	
				<b>Custom</b>	<b>Gas Heat Pumps*</b> CHP/GHG/RNG
				SB	Boiler Descaling* Door Hinge* Radiator Replacement* Venturi Trap*
				SEM	New Cohorts
				BNC	<b>Code Advancement</b>

**Key**

<b>Market Transformation Framework</b>
* Emerging Technology Initiatives

- Every program incorporates new measures and initiatives.
- Some new ideas were fostered through the Emerging Technology and Market Transformation initiatives.
- Program manager and implementation contractor ideas led to some new program delivery features.

# Budget Increases from Existing Portfolio

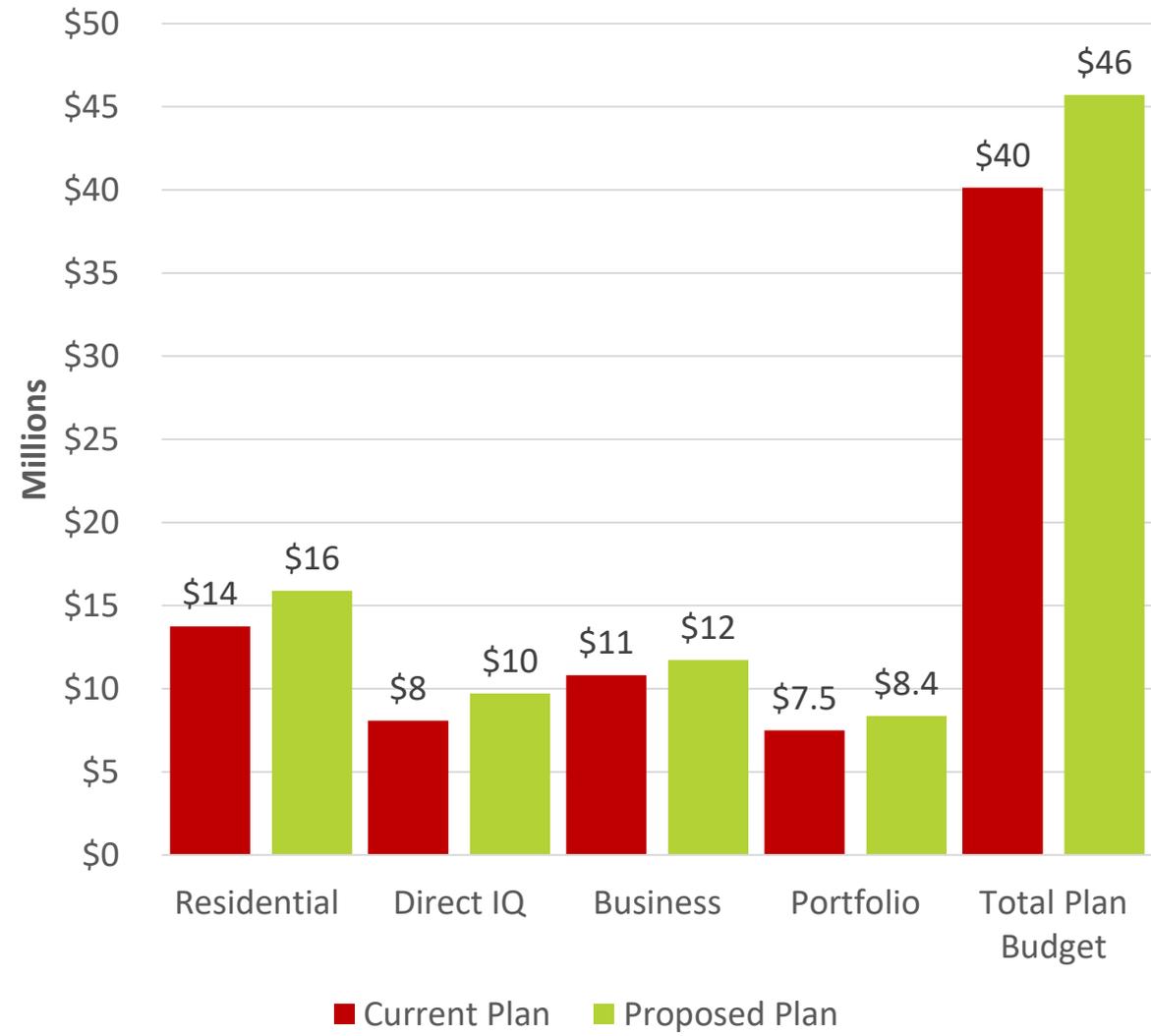


- Budget is managed on 4-year basis (4-year total = **\$182.8M**)
- Assumes all large customers will be exempt (3-year average revenue removed for each year)

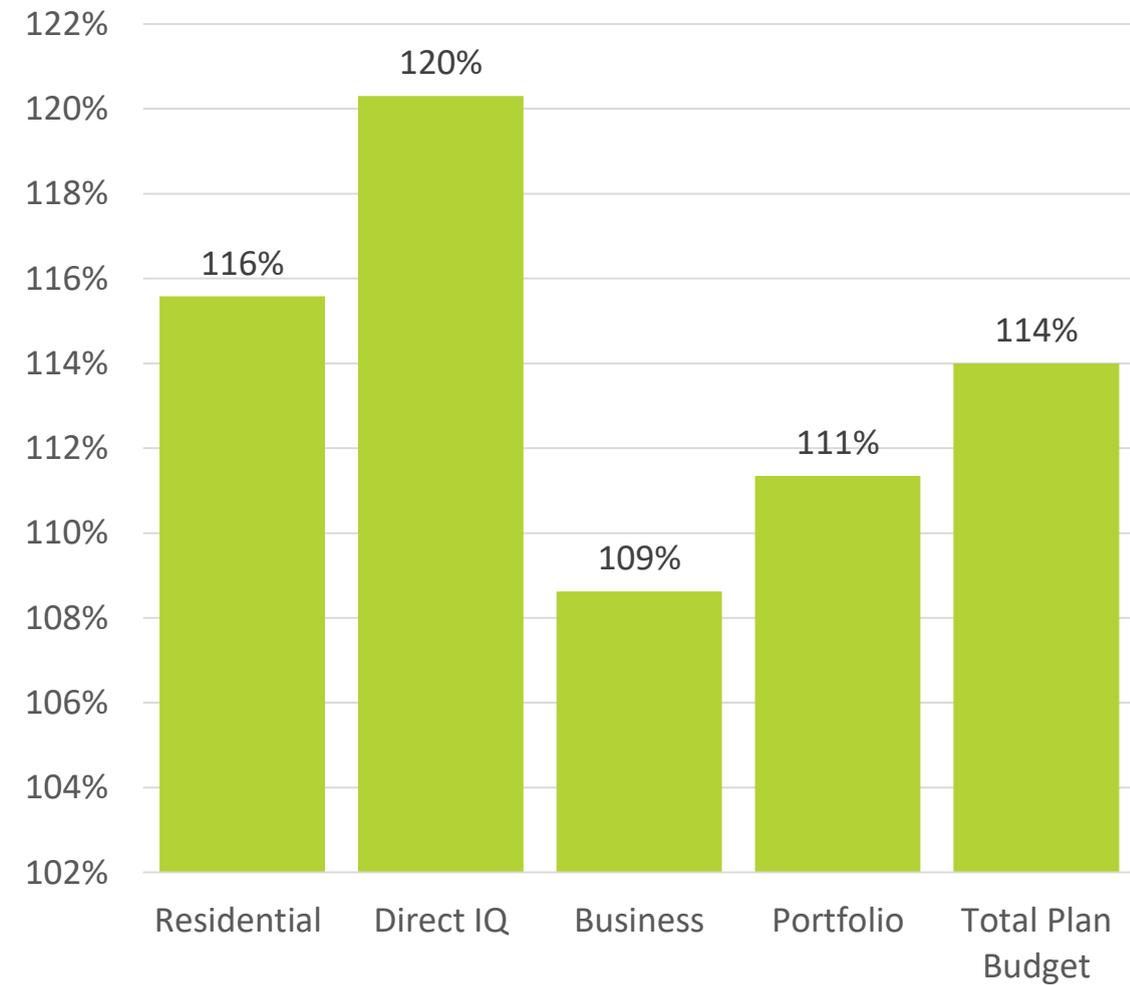
# Budget Increase Invested in Residential Weatherization and IQ



Annual Budget, By Sector



% Change from Current Plan



# Comprehensive and Balanced Plan



Spending Allocation, by Program



Annual Budget, by Program

■ PS ■ IQ ■ HES/MF ■ HEER ■ Outreach ■ RNC ■ BEER ■ Custom ■ SB ■ SEM ■ BNC

Section 8-104 requires "...a diverse cross section of opportunities for customers of all rate classes to participate in the programs"

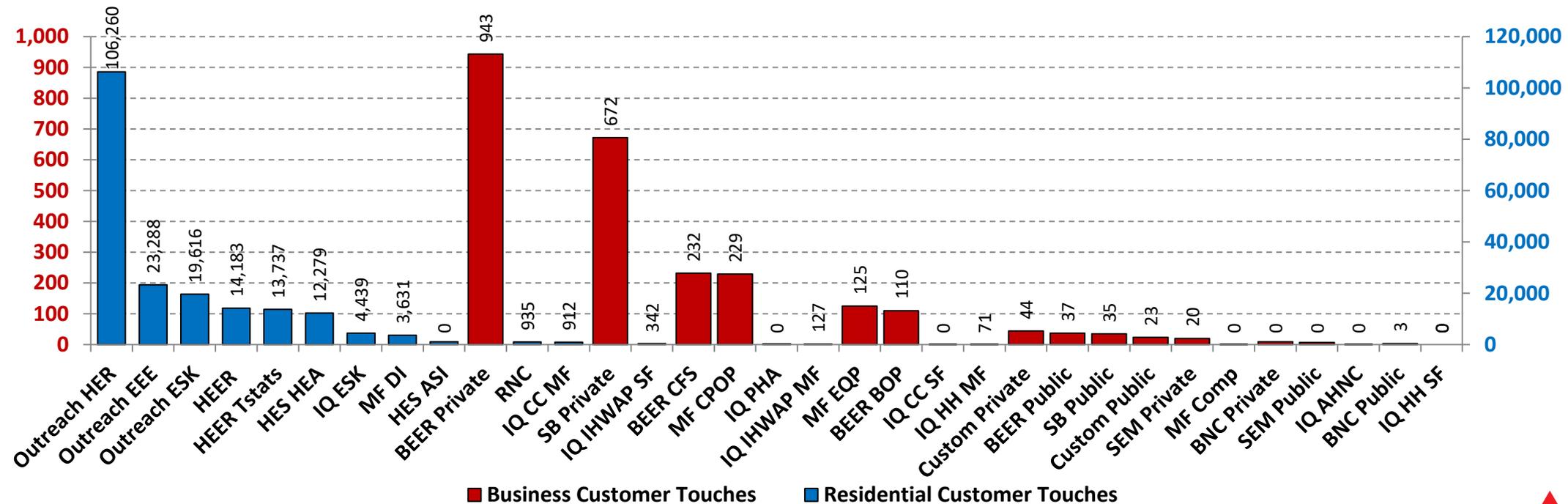
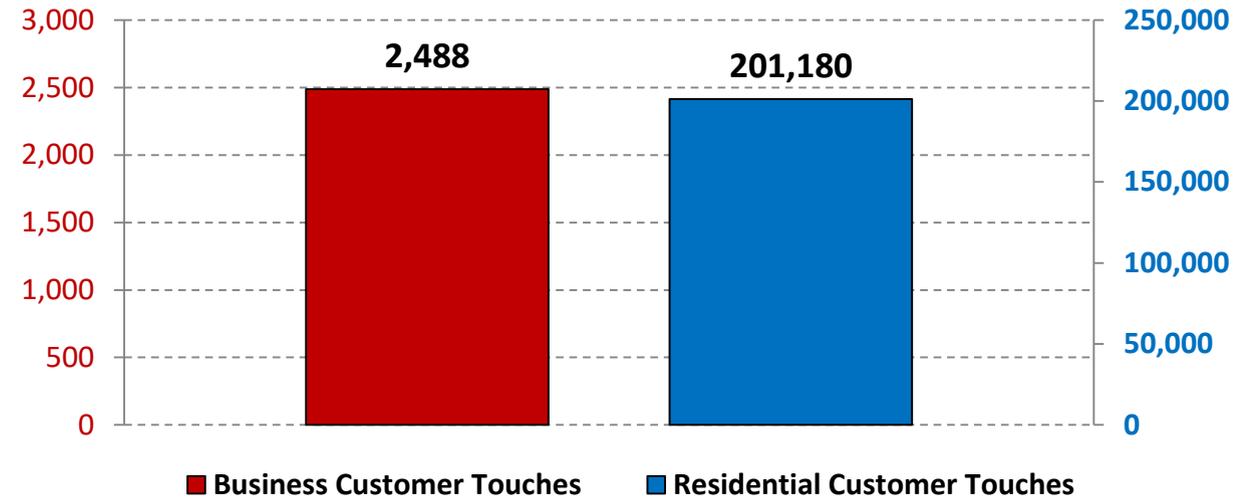
- Wide range of measures
  - Retrofits, time-of-sale, and new construction
  - Equipment, weatherization and behavior change
  - Individual widgets and comprehensive projects

# Extensive Customer Engagement



## Proposed Plan serves:

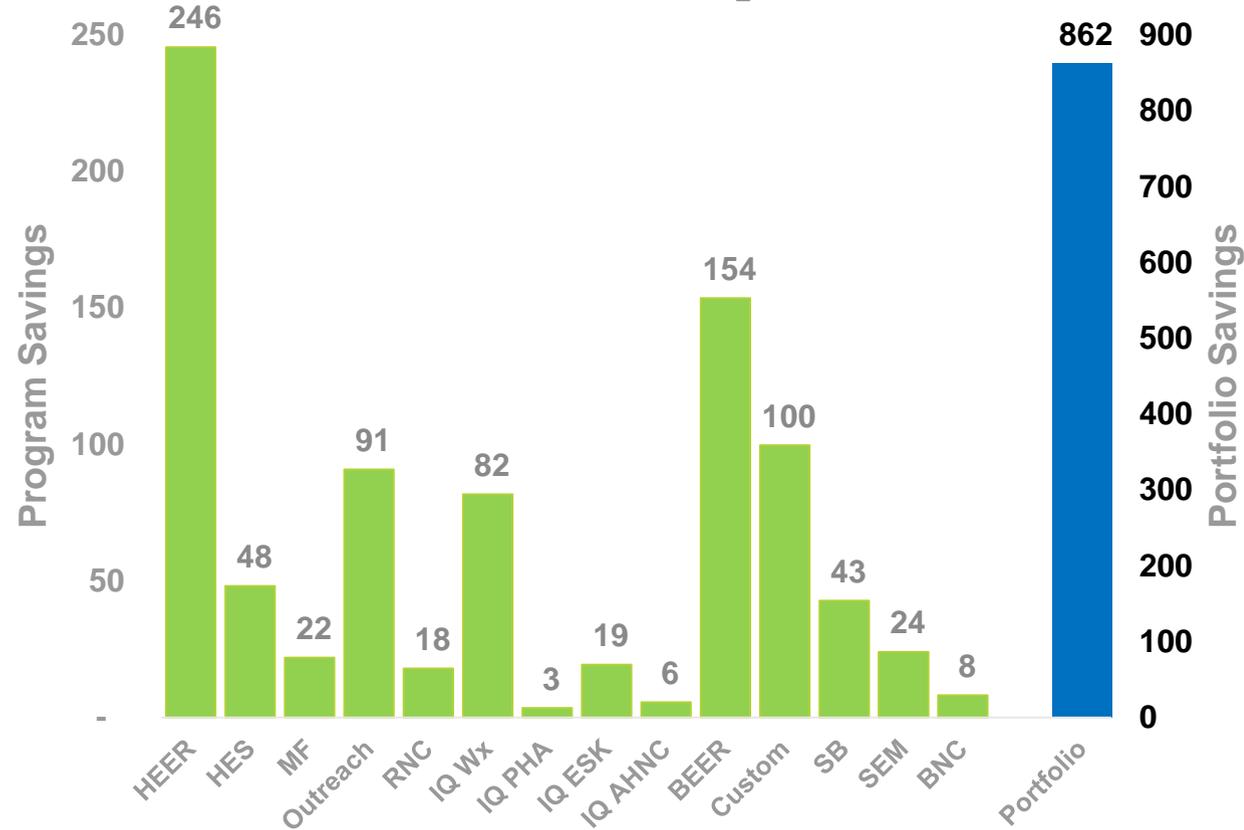
- ~204,000 customers per year
- ~816,000 customers across the four-year plan or about 40% of our customers
  - Low-, moderate- and higher-income families
  - Renters and homeowners
  - Small, medium, and large businesses



# Other Key Outcomes

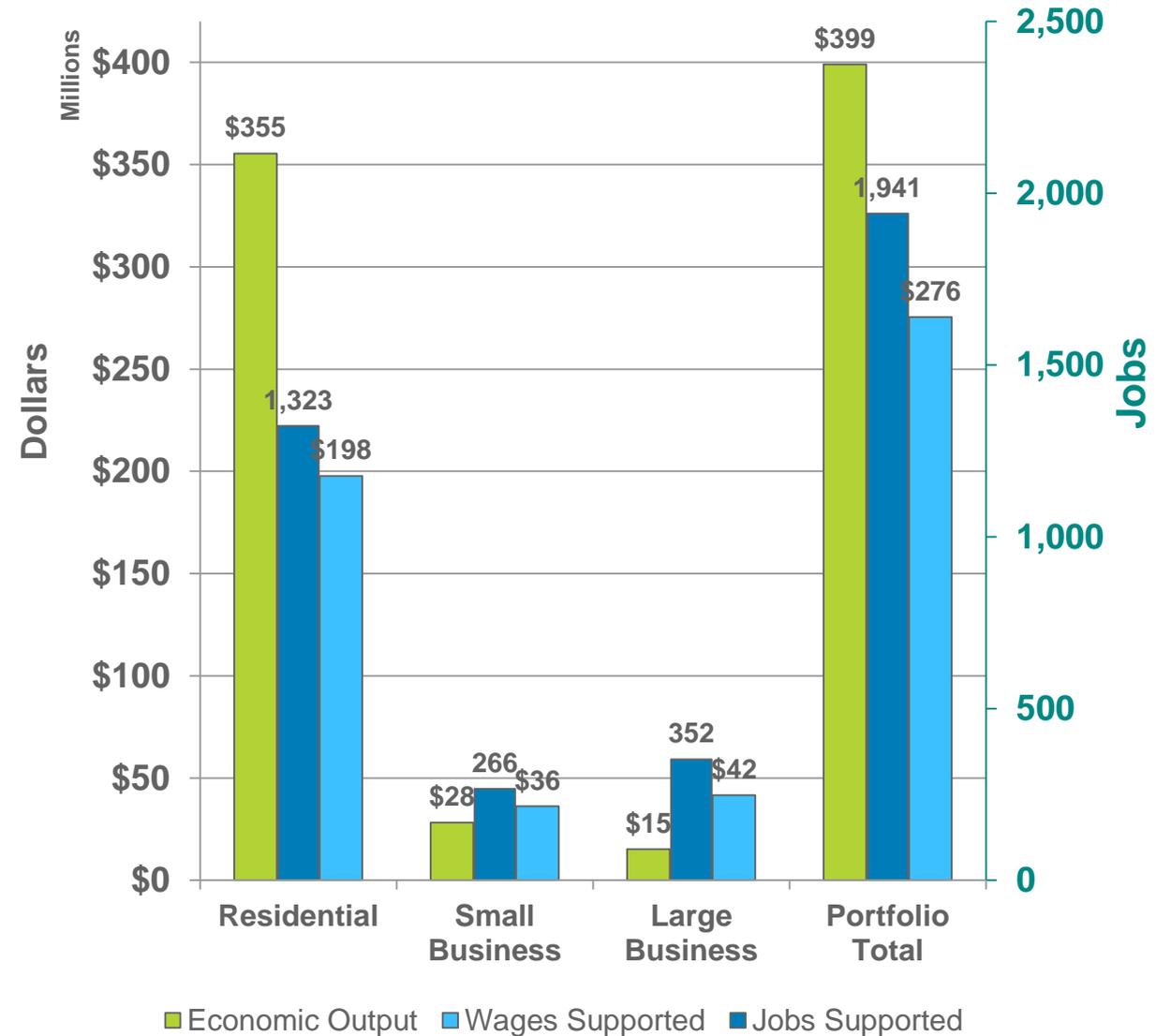


Annual New Lifecycle GHG Reductions  
(Thousands of tons CO<sub>2</sub> Equivalent)



- ~900,000 tons of lifecycle GHG reduced for each year's savings
- ~3.5 million tons for the entire plan; equivalent to:
  - 350 million gallons of gasoline
  - 2.5 billion pounds of coal (or 20,000 train cars)
  - 7.5 billion car miles

Annual Economic Impact

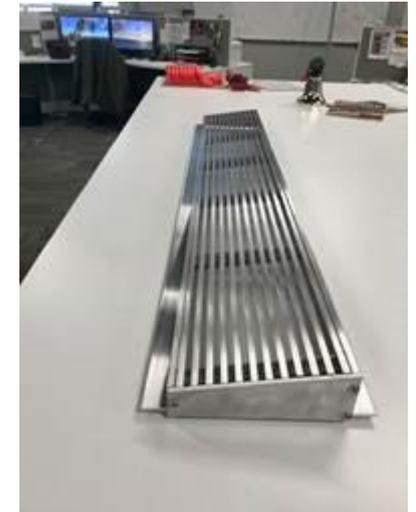


# Innovation: ETP Pilots Leading to Future Success



## Advancing Emerging Technologies

- Venturi steam traps (Joint with Peoples Gas and Southern California Gas) (TRMv9)
- Unit ventilator room air diffuser (TRMv8)
- Low-E storm windows (TRMv9)
- Boiler descaling chemical (TRMv9)
- Boiler array
- Commercial on-demand hot water (multi-family building)
- Radiator and valve replacement (TRMv9)
- Pipe insulation online calculator tool (TRMv9)
- Gas heat pump water heater (GHPWH)
- Residential gas heat pump combination unit (Space and water heating)



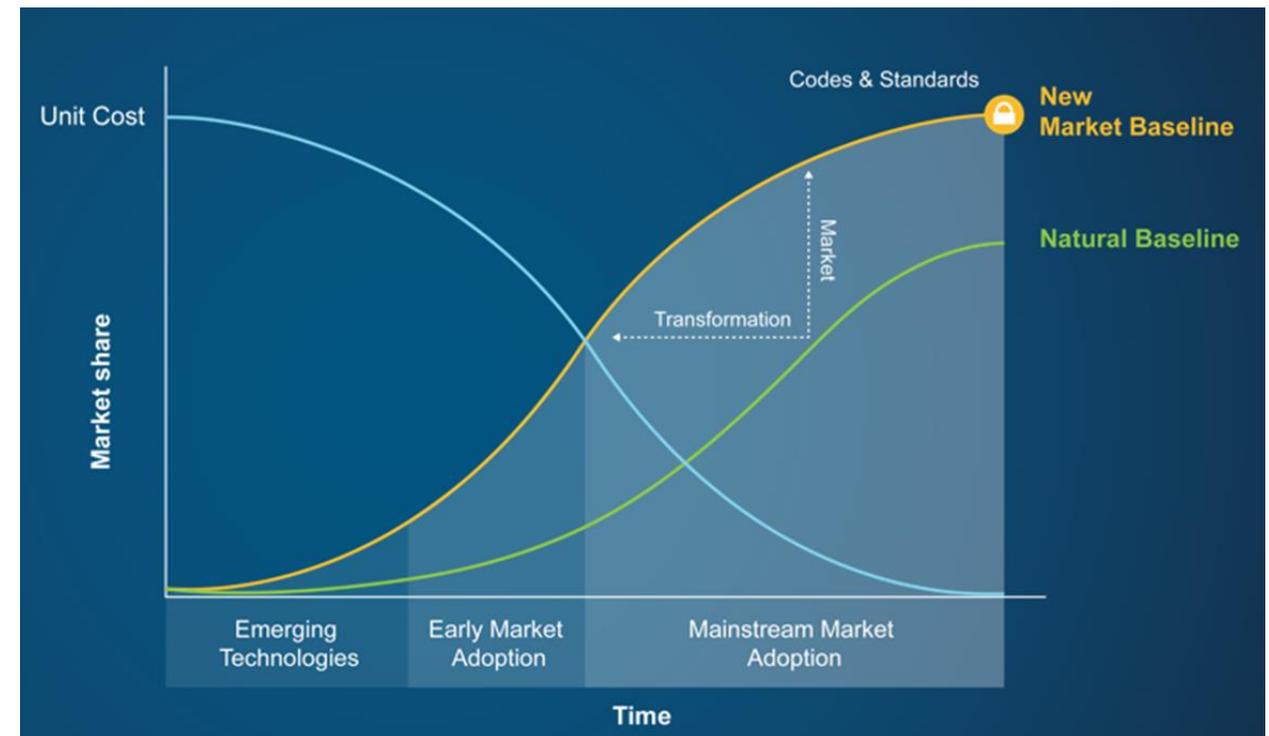
# Innovation: Market Transformation Activities and Initiatives



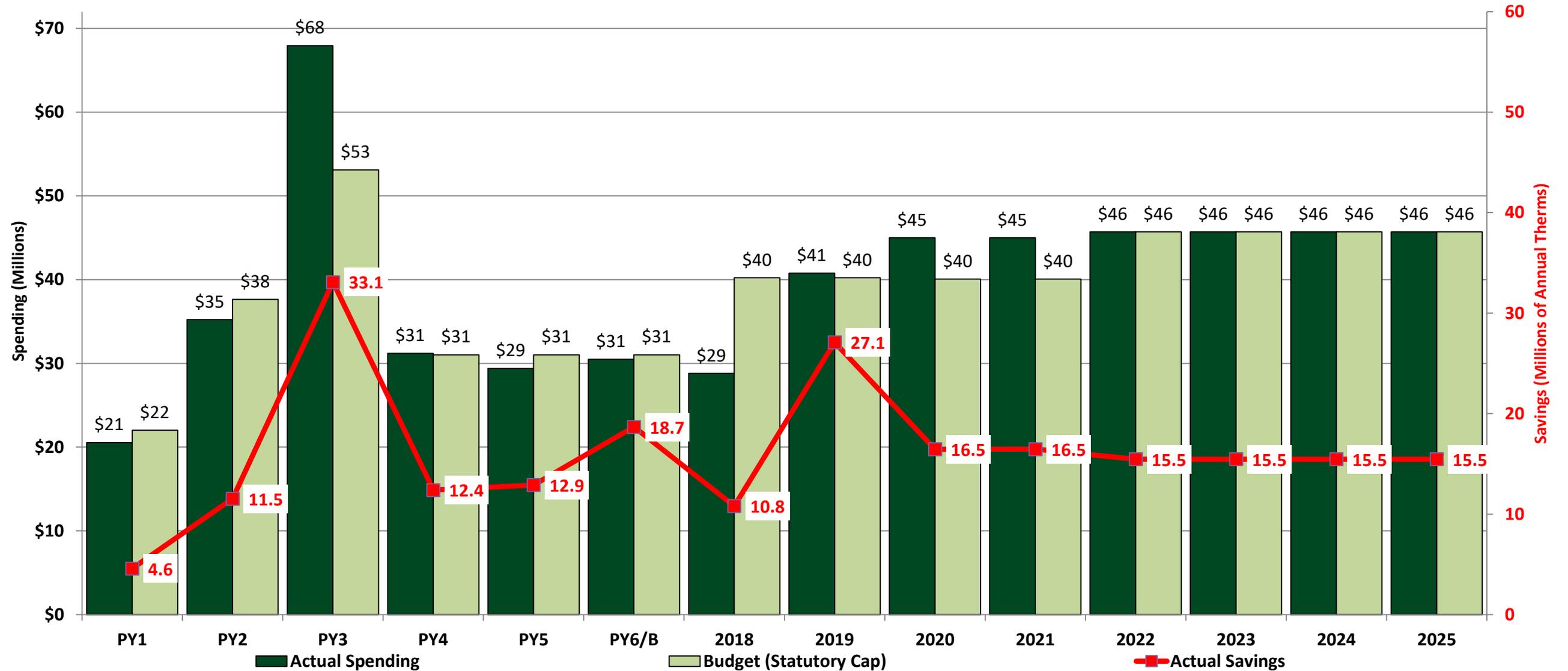
- Develop Market Transformation best practices and methods
- Collaborative engagement, recruitment, and education with other utilities and stakeholders
- Utilize Market Transformation Savings Framework through SAG MT Working Group
- Leverage investment through North American MT Collaborative
- Create large North American market attractive to OEMs

## MT Initiatives

- Gas heat pump water heater (GHPWH)
- Gas heat pump combination units
- High-efficiency rooftop units
- Thin triple windows
- Low-E window and glaze systems
- Code compliance and advancement
- Expanded stakeholder input into MT ideas



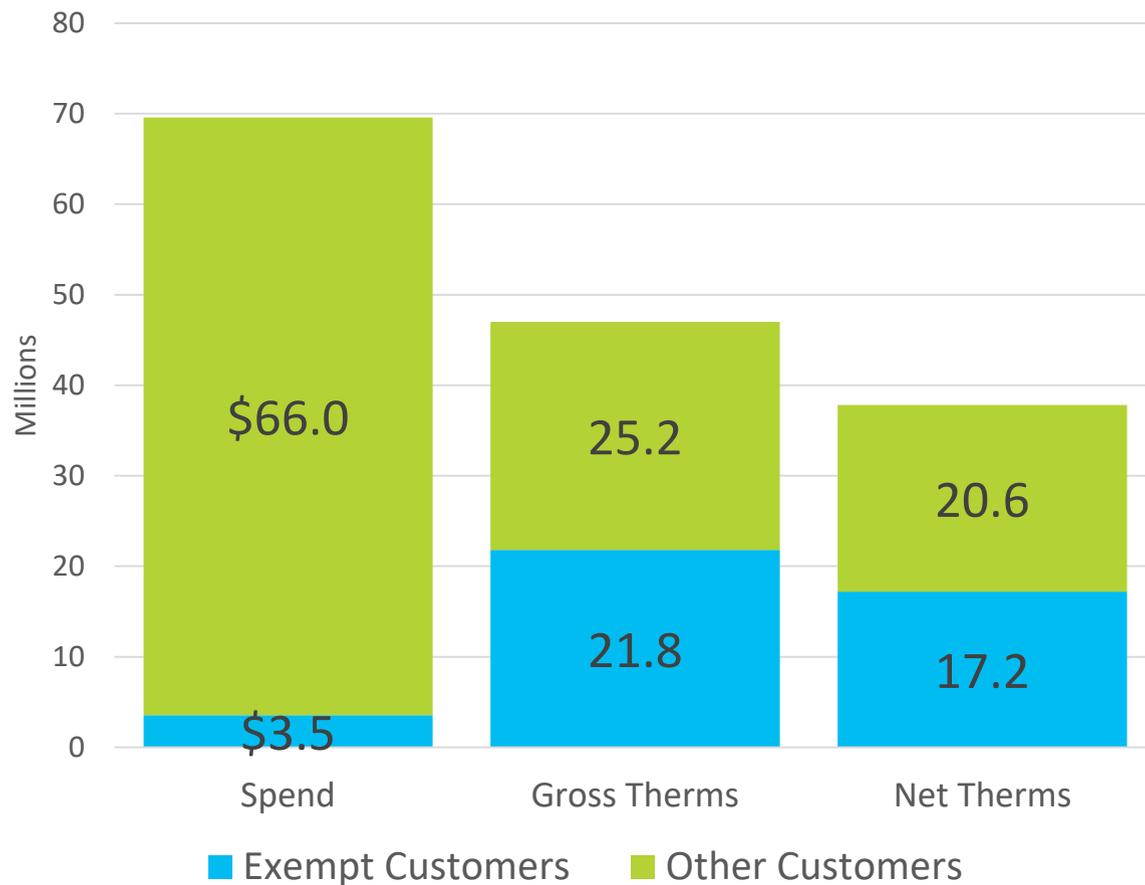
# Spending and Savings



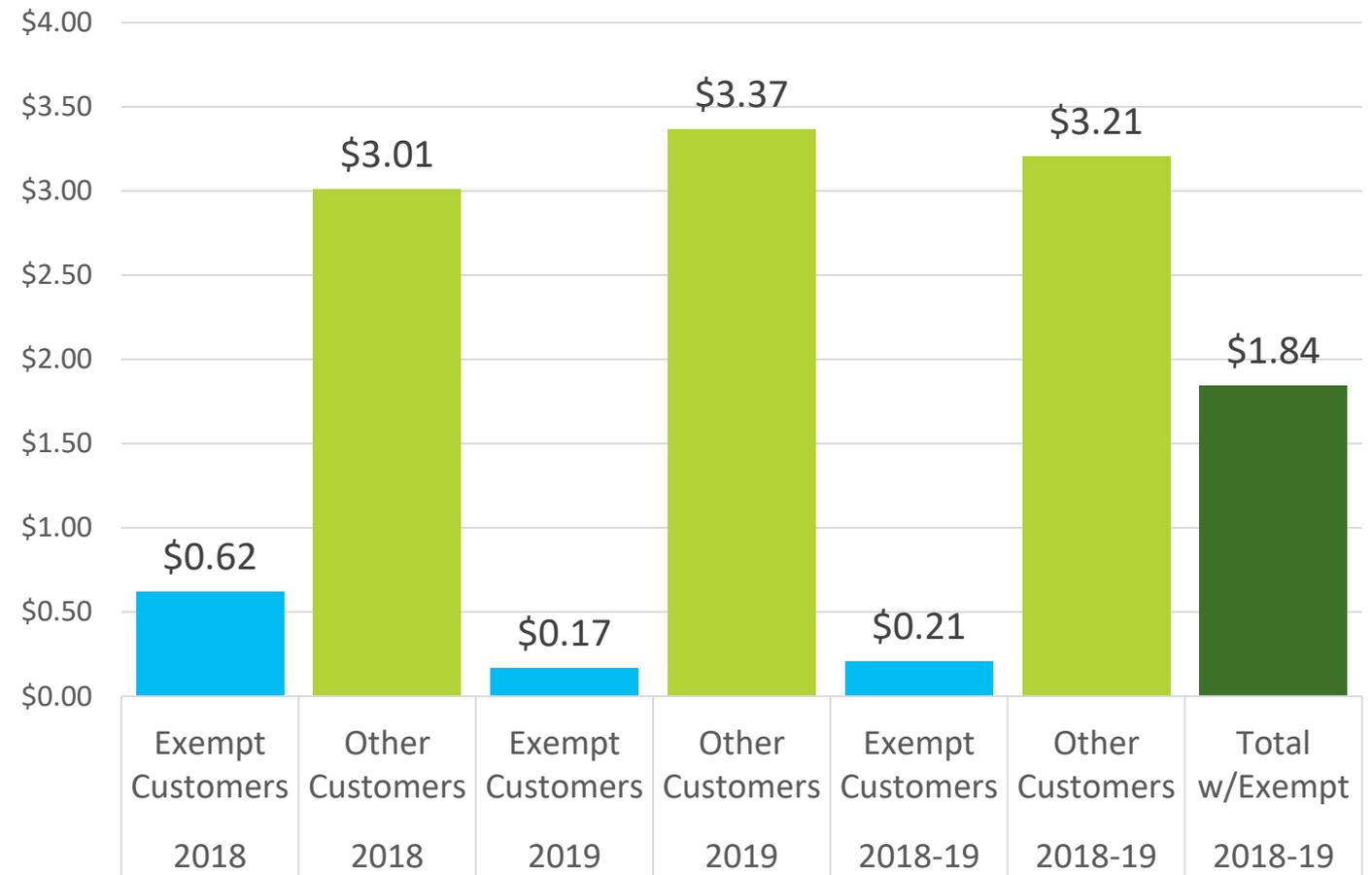
# Large Customers Can No Longer Opt Into Portfolio



Exempt Customer Impact on 2018-19 Portfolio



Cost per Net Annual Therm

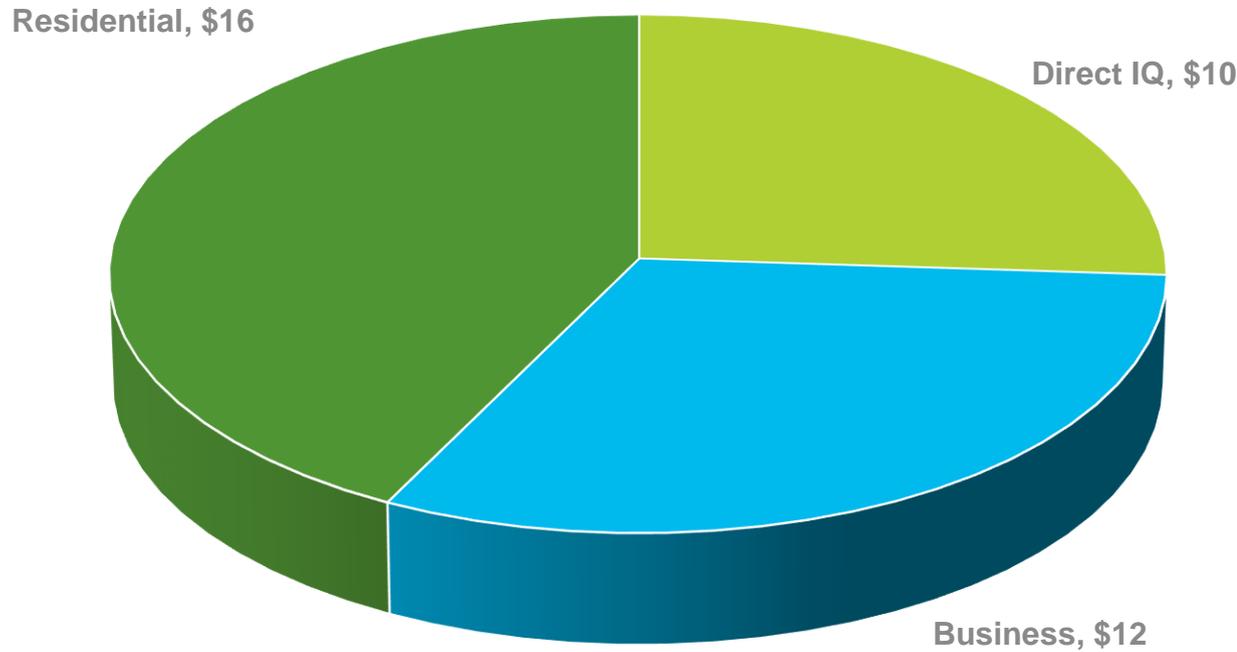


- Starting in 2020, all large manufacturing customers are exempt and can no longer opt into the energy efficiency programs.
- Large customers made up almost half of portfolio savings in 2018-19, and savings cost much less than other opportunities.
- Without large customers, portfolio savings will decline, even as portfolio budgets increase.

# Larger Commitment to Income-Qualified Customers



2022-25 Annual Spending  
(Millions)



2022-25 Costs and Savings, by Sector



- Direct income-qualified spending increases from \$8M to \$10M per year, with additional targeted spending through other programs.
- Direct income-qualified programs cost over 5X more than other programs.
- IQ costs in Current Plan were understated, due to limited and inaccurate information received from DCEO.
- With more direct IQ spending—and accurate cost data—portfolio savings will decline from Current Plan, even as portfolio budgets increase.

# Program Design and Key Changes

# Residential Programs and Measures



Program		Component		Key Measures									
				HVAC	WH	Tstat	Controls	Showerhead	Aerator	Pipe Insulation	Wx	Optimizaton	Steam Trap
Home Energy Efficiency Rebates	HEER	HVAC/WH Rebates	HEER	✓	✓							✓	
		Thermostats**	Tstat**			✓							
Home Energy Savings	HES	Home Energy Assessments*	HEA*			✓		✓	✓	✓			✓
		Air Sealing and Insulation**	ASI**							✓			
Multifamily	MF	Direct Installation*	MF-DI*			✓		✓	✓	✓			✓
		Central Plant Optimization	MF-CPOP				✓					✓	✓
		Equipment	MF-Equip	✓	✓								✓
		Comprehensive	MF-Comp				✓			✓	✓		✓
Outreach	Outreach	Home Energy Reports	Outreach										✓
		Elementary Energy Education*	EEE*					✓	✓				✓
		Energy Saving Kits	ESK					✓	✓		✓		✓
Residential New Construction	RNC	Residential New Construction**	RNC**	✓	✓					✓		✓	

\* Joint/coordinated offering with other utilities

\*\* Potential joint offering

# Residential: Delivery Approach and Key Changes



Program		Delivery Approach	Substantial Changes	
			Delivery Approach	Key Changes
HEER	HEER	Prescriptive rebates; trade ally driven	Added some MT Measures	No substantial change
	Tstat**	Online rebates	No substantial change	Volume below Current Plan; but at ~2018-19 levels
HES	HEA*	Free DIs; channel for other offerings	Added Virtual Assessments	No substantial change
	ASI**	Trade ally driven; BPI certification; QC; OBF	No ComEd cost share, MT measures	2X homes from 2020
MF	MF-DI*	Free DIs; comprehensive assessments (Step 1/2)	Added Direct DI Distribution	28% decrease in participation
	MF-CPOP	Free optimization (Step 3)	New offering	New offering
	MF-Equip	HVAC/WH equipment rebates (Step 4)	No substantial change	No substantial change
	MF-Comp	Comprehensive upgrades (Step 4)	Added new Wx offering	Increase (from Wx offering)
Outreach	HER	Crop rotation strategy	4-year delivery	No substantial change
	EEE*	Efficiency education and take-home kits	No substantial change	75% increased participation
	ESK	Multiple kit options; marketing/outreach driven	New Wx kit offering	~2X kits (from new Wx kits)
RNC	RNC**	Prescriptive rebates	Prescriptive; No ComEd cost share; Added code advancement & MT	No substantial change

\* Joint/coordinated offering with other utilities

\*\* Potential joint offering

# Income-Qualified Programs and Measures



Program	Component	Key Measures											
		HVAC	WH	Tstat	Controls	Showerhead	Aerator	Pipe Insulation	Wx	Optimization	Steam Trap	Other	
Weatherization	IQ-Wx	IHWAP-Single Family*	IHWAP SF*	✓	✓	✓	✓	✓	✓	✓	✓		✓
		IHWAP-Multifamily*	IHWAP MF*	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
		Contractor Channel-Single Family**	CC SF**	✓	✓	✓	✓	✓	✓	✓			✓
		Contractor Channel-Multifamily**/CPOP	CC MF**/CPOP	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
		Healthy Home-Single Family**	HH SF**	✓	✓	✓	✓	✓	✓	✓	✓		✓
		Healthy Home-Multifamily**	HH MF**	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Energy Saving Kits	ESK	Energy Saving Kits **	IQ-ESK**					✓	✓		✓	✓	
Public Housing Authority	PHA	Public Housing Authority*	PHA*	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Affordable Housing New Construction	AHNC	Affordable Housing New Construction*	AHNC*	✓	✓	✓	✓	✓	✓	✓	✓	✓	

\* Joint/coordinated offering with other utilities

\*\* Potential joint offering

# Income-Qualified: Delivery Approach and Key Changes



Program		Delivery Approach	Substantial Changes	
			Delivery Approach	Key Changes
IQ-Wx	IHWAP SF*	Comprehensive; braided; CAA channel; free	Costs reflect actuals, MT measures	20% budget increase across all offerings
	IHWAP MF*	Comprehensive; braided; CAA channel; free	Costs reflect actuals	
	CC SF**	Comprehensive; contractor/CBO channel; free	New offering, MT Measures	
	CC MF**/CPOP	Comprehensive; contractor/CBO channel; free	New offering	
	HH SF**	Comprehensive; CBO channel; healthy home; free	New offering, MT Measures	
	HH MF**	Comprehensive; CBO channel; healthy home; free	New offering	
ESK	IQ-ESK**	CAA/CBO channels	New offering	
PHA	PHA*	Comprehensive	No substantial change	
AHNC	AHNC*	Comprehensive; design assistance; performance rebates	No substantial change	

\* Joint/coordinated offering with other utilities

\*\* Potential joint offering

# Business Programs and Measures



Program	Component	Key Measures											
		HVAC	WH	Tstat	Controls	Showerhead	Aerator	Pipe Insulation	Wx	Optimizaton	Steam Trap	Other	
Business Energy Efficiency Rebates	BEER	Private	Private	✓	✓	✓	✓	✓	✓	✓		✓	✓
		Public	Public	✓	✓	✓	✓	✓	✓		✓	✓	
		Business Optimization	BOP				✓		✓		✓	✓	✓
		Commercial Food Service*	CFS*										✓
Custom	Custom	Private (Includes Retrocommissioning*)	Custom-Private*	✓			✓			✓		✓	
		Public (Includes Retrocommissioning*)	Custom-Public*	✓			✓			✓		✓	
Small Business	SB	Private	SB-Private	✓	✓	✓	✓	✓	✓	✓	✓	✓	
		Public	SB-Public	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Strategic Energy Management	SEM	Private*	SEM-Private*									✓	
		Public*	SEM-Public*									✓	
Business New Construction	BNC	Private*	BNC-Private*	✓	✓	✓	✓	✓	✓	✓	✓	✓	
		Public*	BNC-Public*	✓	✓	✓	✓	✓	✓	✓	✓	✓	

\* Joint/coordinated offering with other utilities

\*\* Potential joint offering

# Business: Delivery Approach and Key Changes



Program		Delivery Approach	Substantial Changes	
			Delivery Approach	Key Changes
BEER	Private	Prescriptive rebates; trade ally driven;	No substantial change	No substantial change
	Public	Some assessments/DIs		
	BOP	Business central plant optimization; free	New offering	New offering
	CFS*	Midstream; prescriptive rebates	Prescriptive rebates	2X-4X participation
Custom	Custom-Private*	Performance rebates; assessment driven;	No exempt customers	Reduced budget (from exempt customers)
	Custom-Public*	mostly larger customers (but some small projects)		
SB	SB-Private	Free assessments/DI; implementation contractor driven;	No substantial change	No substantial change
	SB-Public	prescriptive/customer followup projects		
SEM	SEM-Private*	Targeted cohorts; channel for other programs;	New cohorts (municipalities; K-12)	No substantial change
	SEM-Public*	performance rebates for operational savings		
BNC	BNC-Private*	Comprehensive; design assistance;	No substantial change	No substantial change
	BNC-Public*	performance rebates		

\* Joint/coordinated offering with other utilities

\*\* Potential joint offering

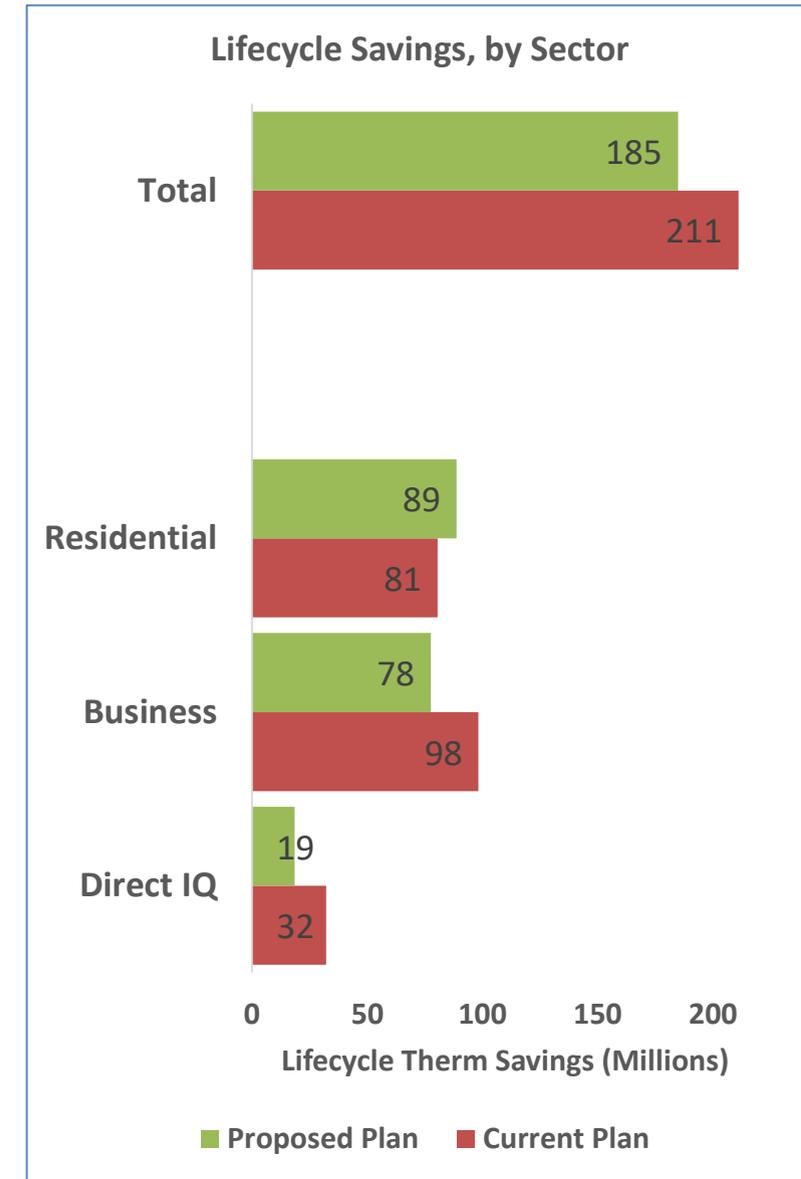
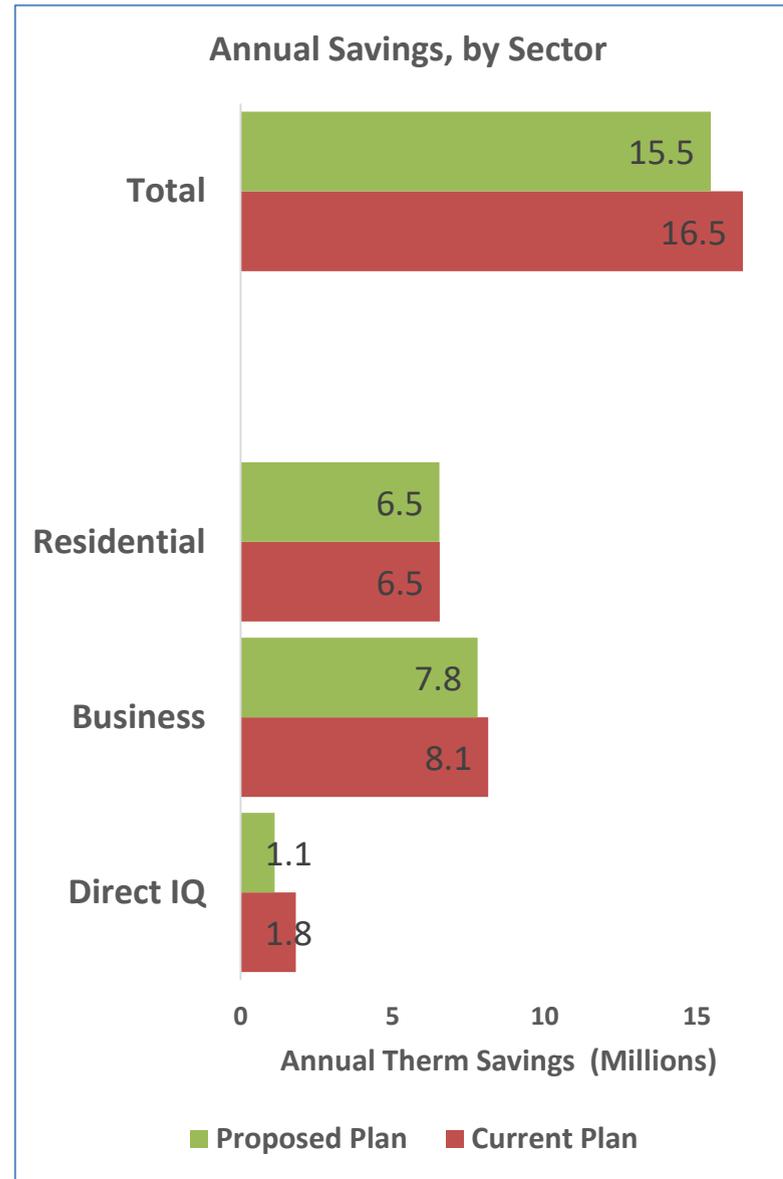
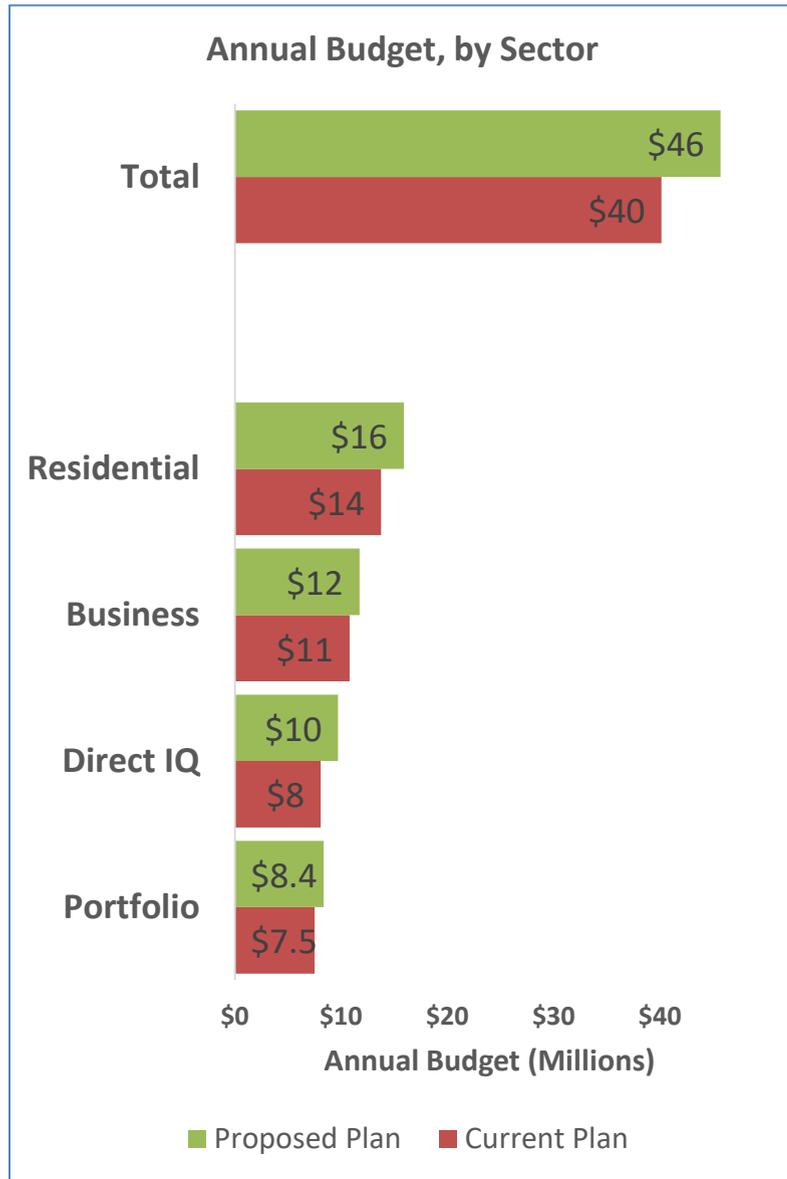
# Portfolio, Sector and Program Results

# Balancing the Portfolio Under Section 8-104 Requirements

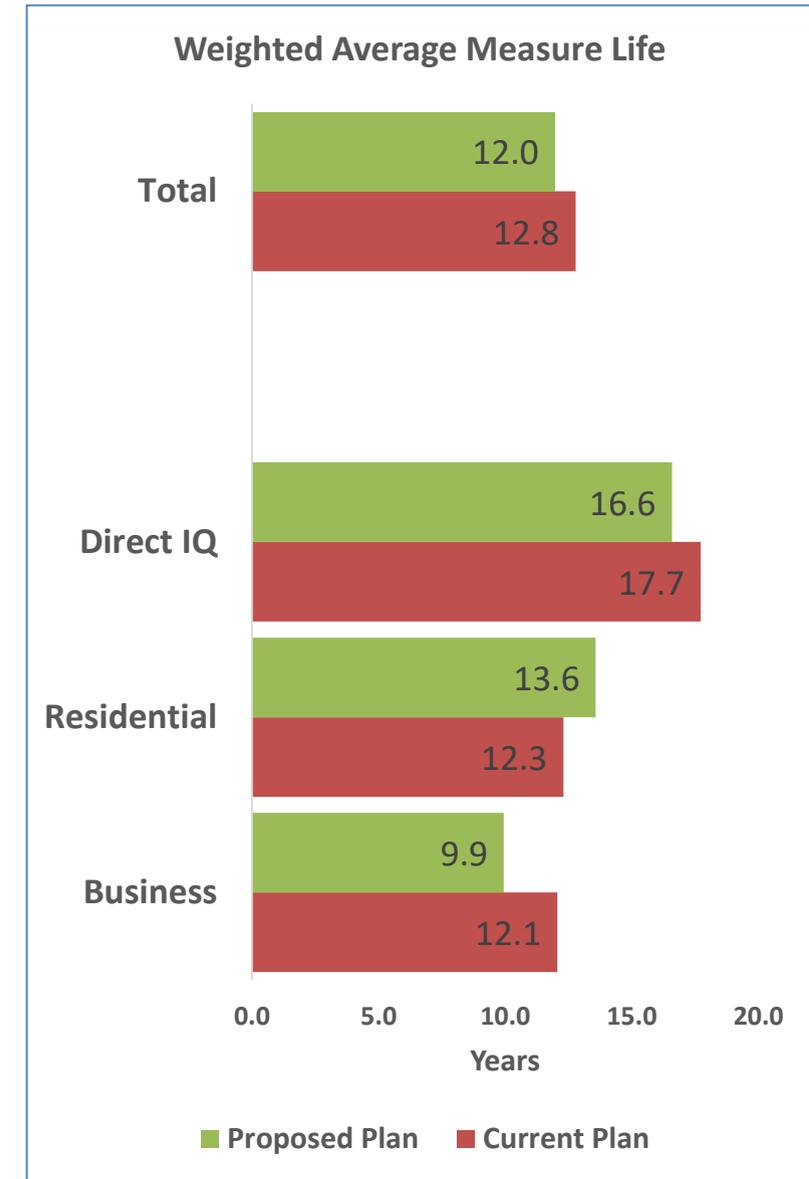
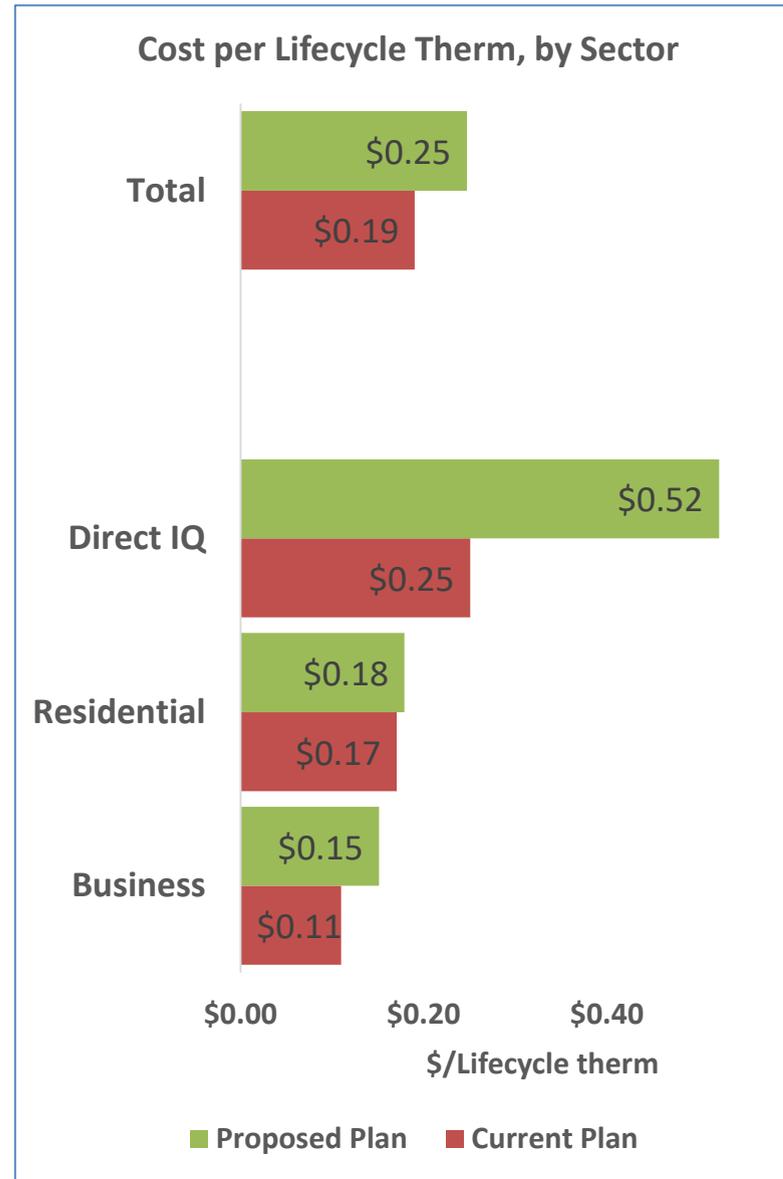
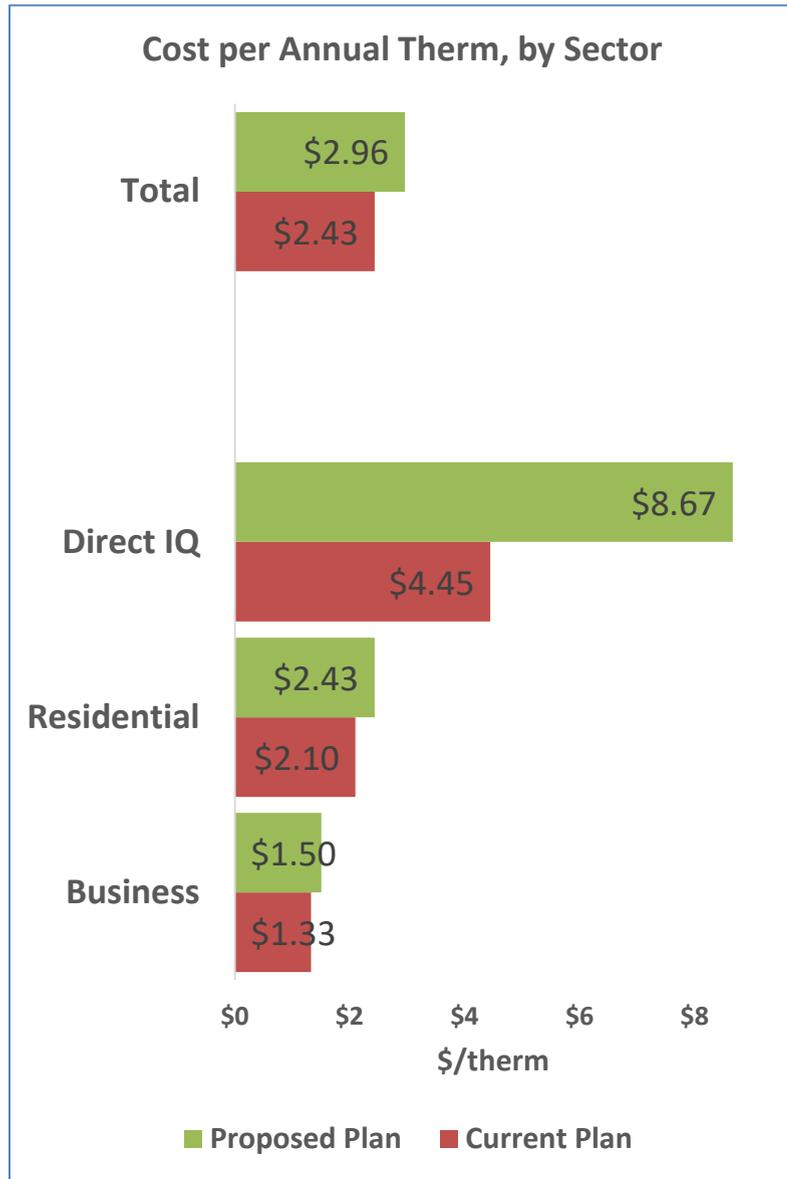


- **Total Budget:** 2% revenue cap
  - \$45.7M annual budget
  - \$182.8M 4-year budget
- **Evaluation** (3%): \$1.37M annual budget
- **Emerging Technology** (3%): \$1.37M annual budget
- **Market Transformation** (5%): \$2.26M annual budget
- **Public Sector:** “A minimum of 10% of the entire portfolio of cost-effective energy efficiency measures shall be procured from local government, municipal corporations, school districts, and community college districts.”
- **Income-Qualified:** “The utilities shall also present a portfolio of energy efficiency measures proportionate to the share of total annual utility revenues in Illinois from households at or below 150% of the poverty level.” Minimum spend of ~14% program budget.
- **Cost Effectiveness:** Portfolio TRC ratio > 1.0
- **Fairness:** “...a diverse cross section of opportunities for customers of all rate classes to participate in the programs”

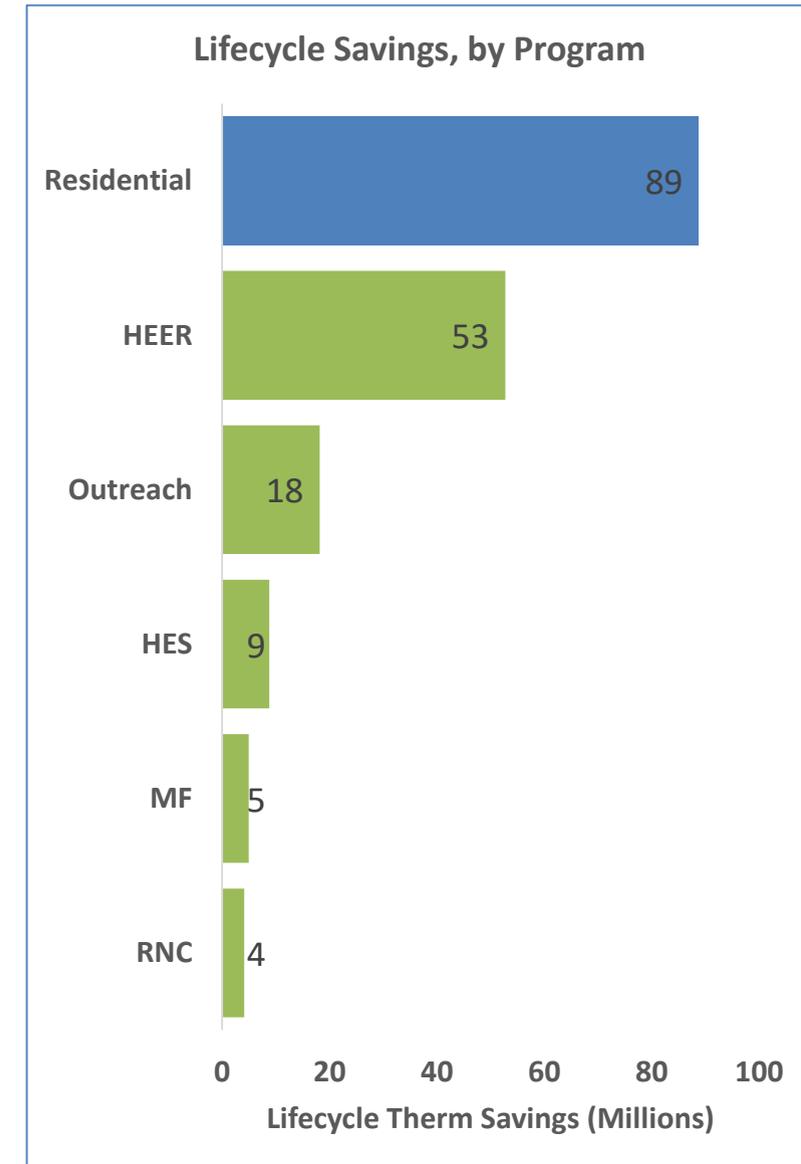
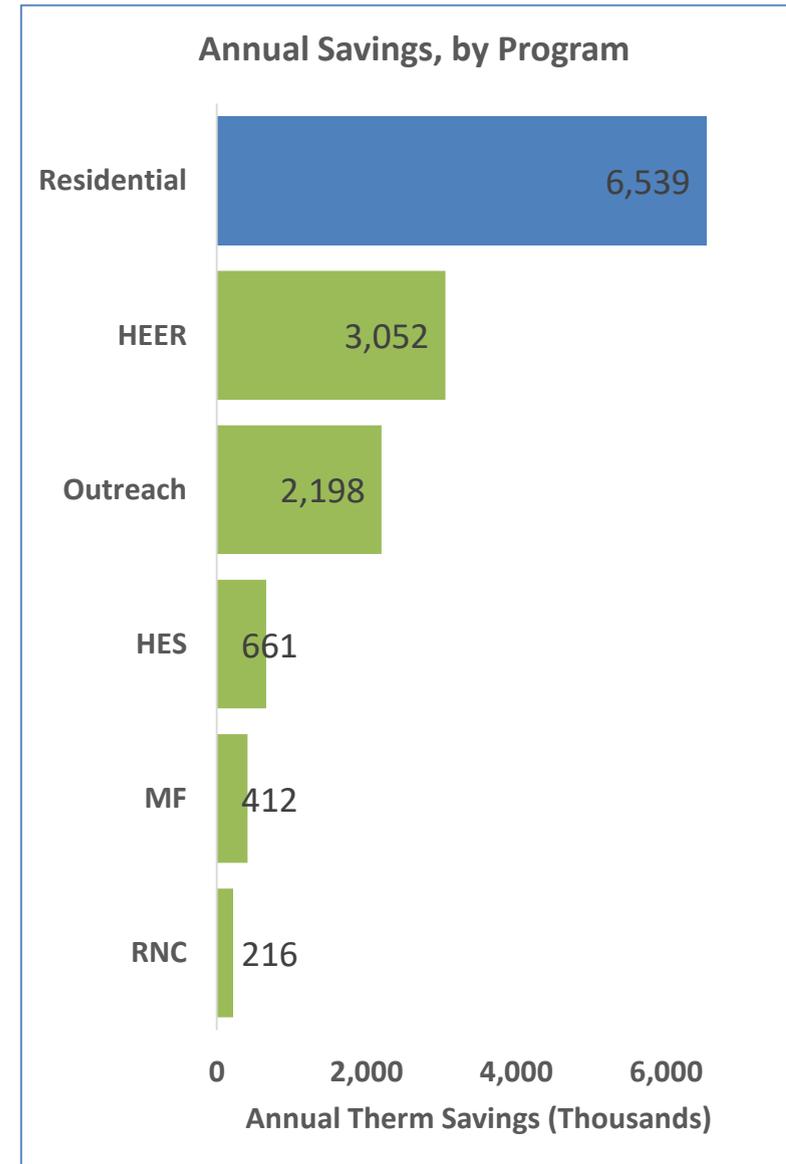
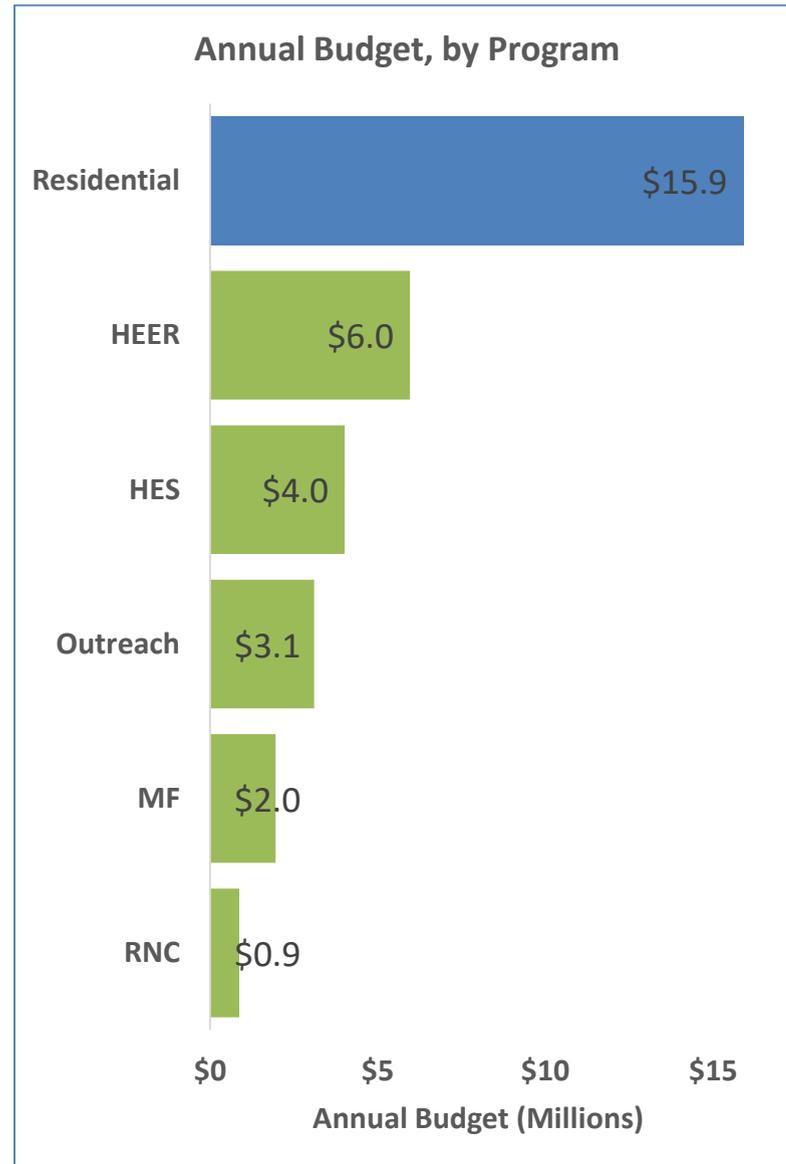
# Current vs. Proposed Plan (Budget & Savings)



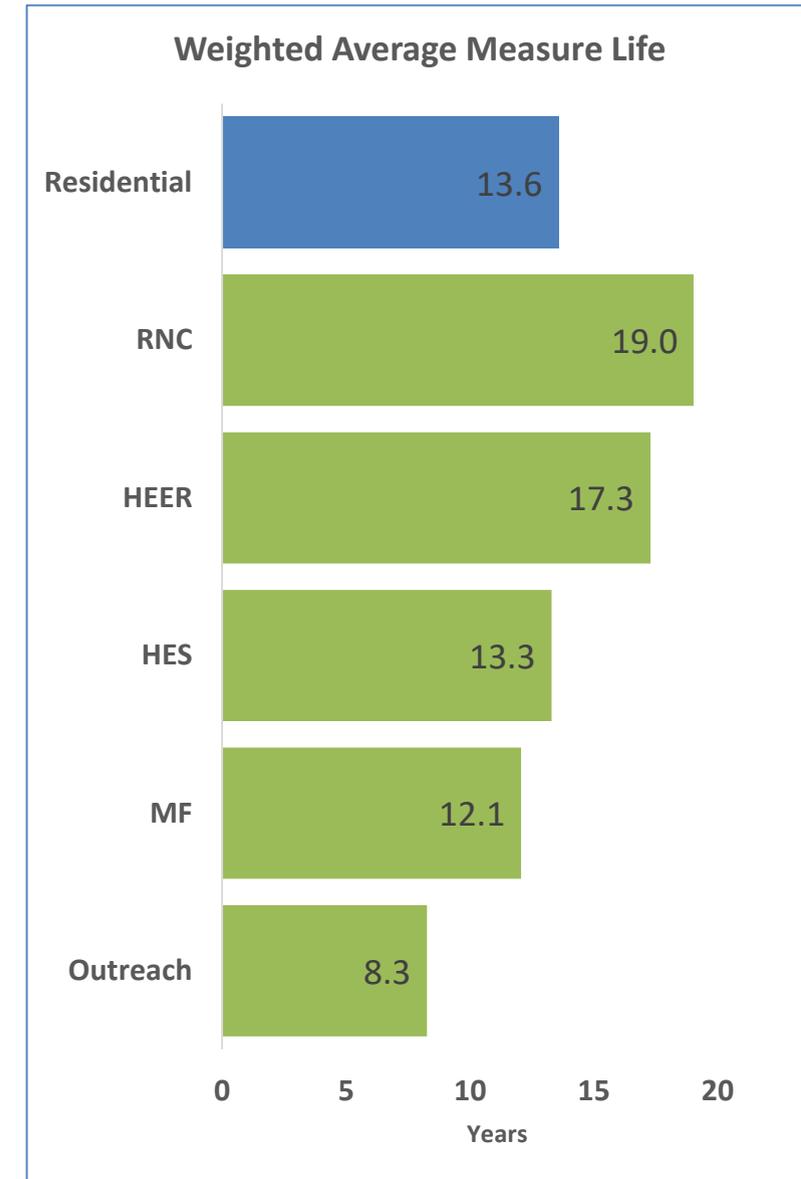
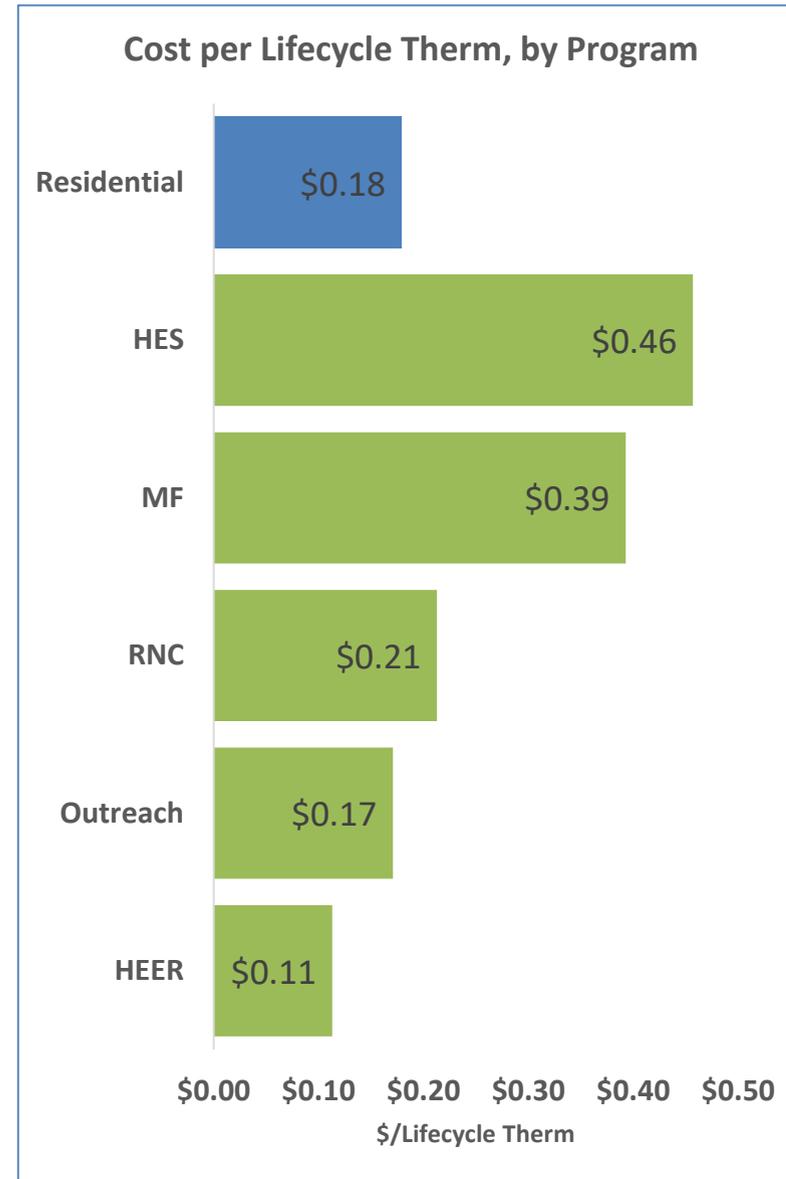
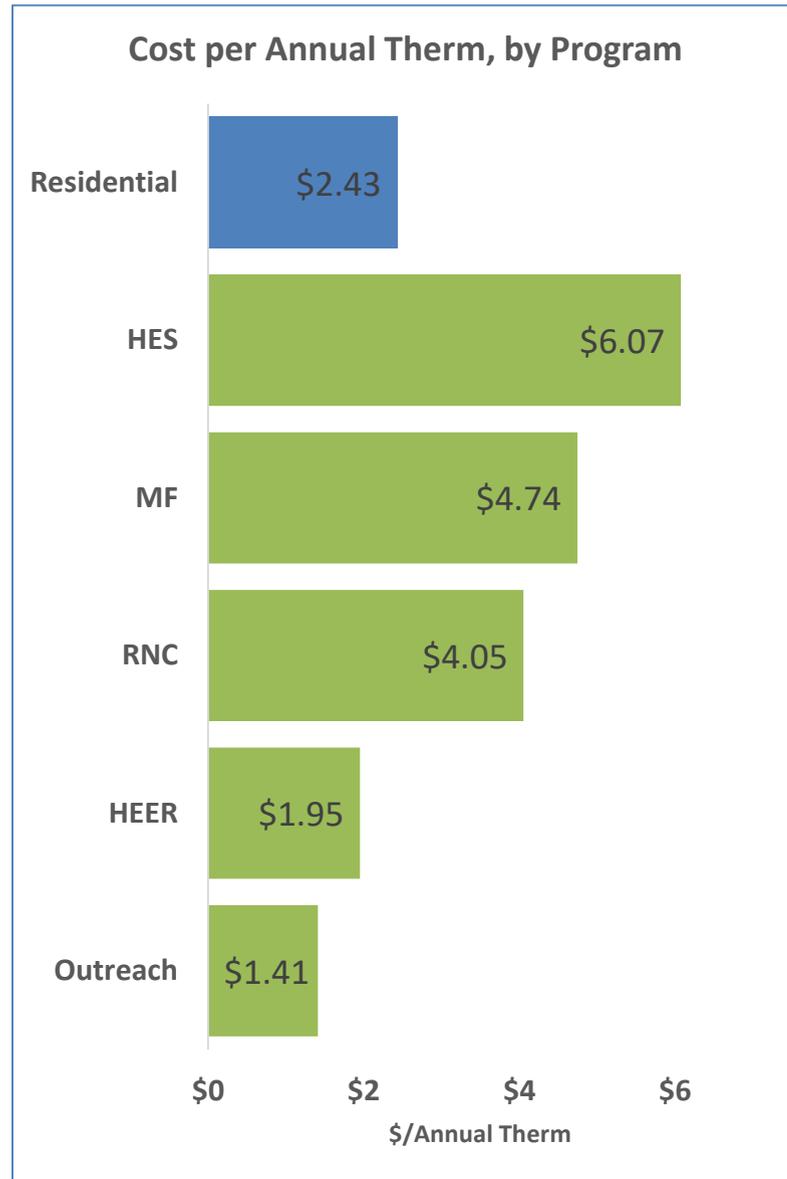
# Current vs. Proposed Plan (\$/Therm and WAML)



# Proposed Plan: Residential Programs (Budget and Savings)



# Proposed Plan: Residential (\$/Therm and WAML)



# Income-Qualified Spending

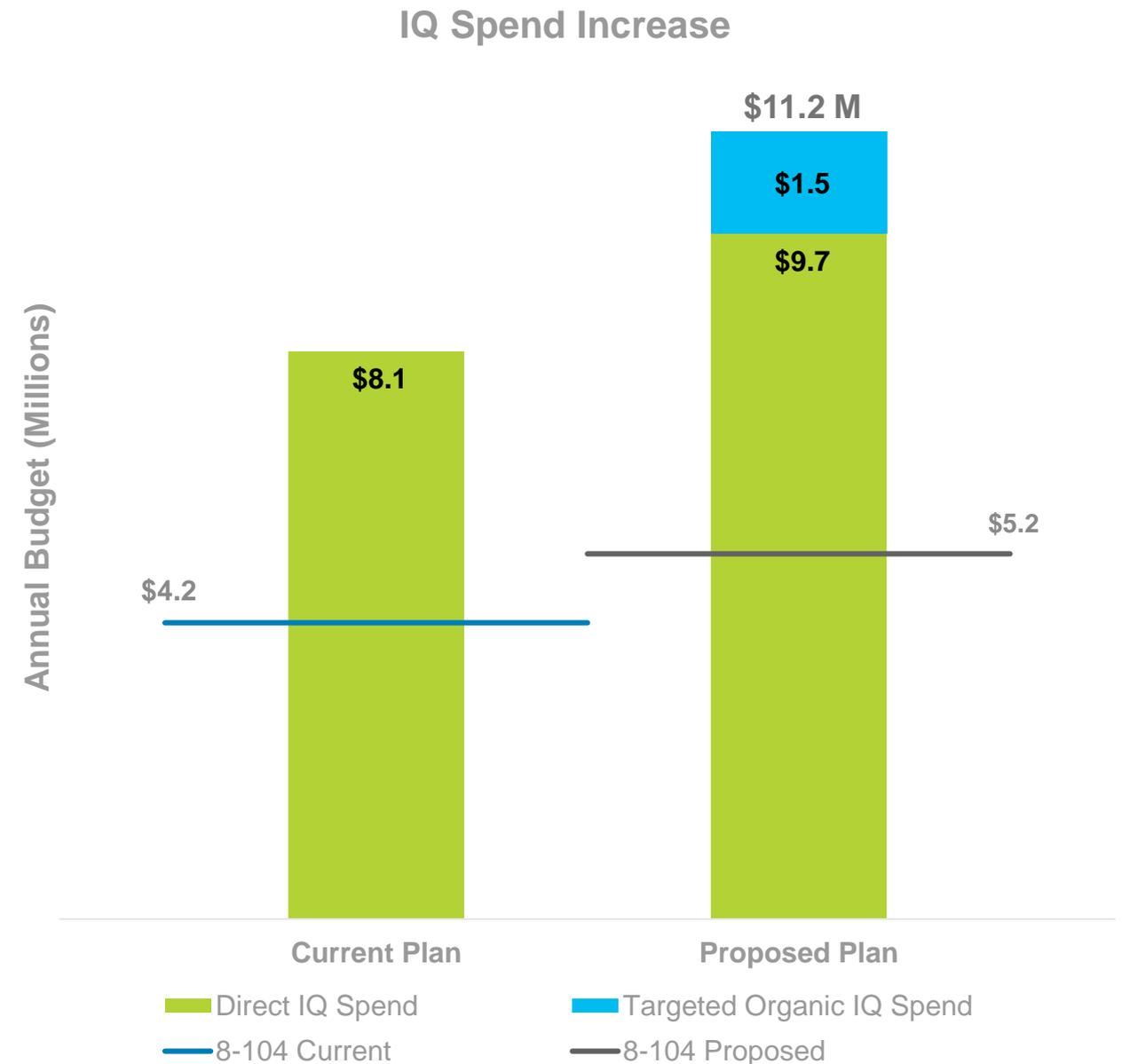


## Section 8-104 (e-5)

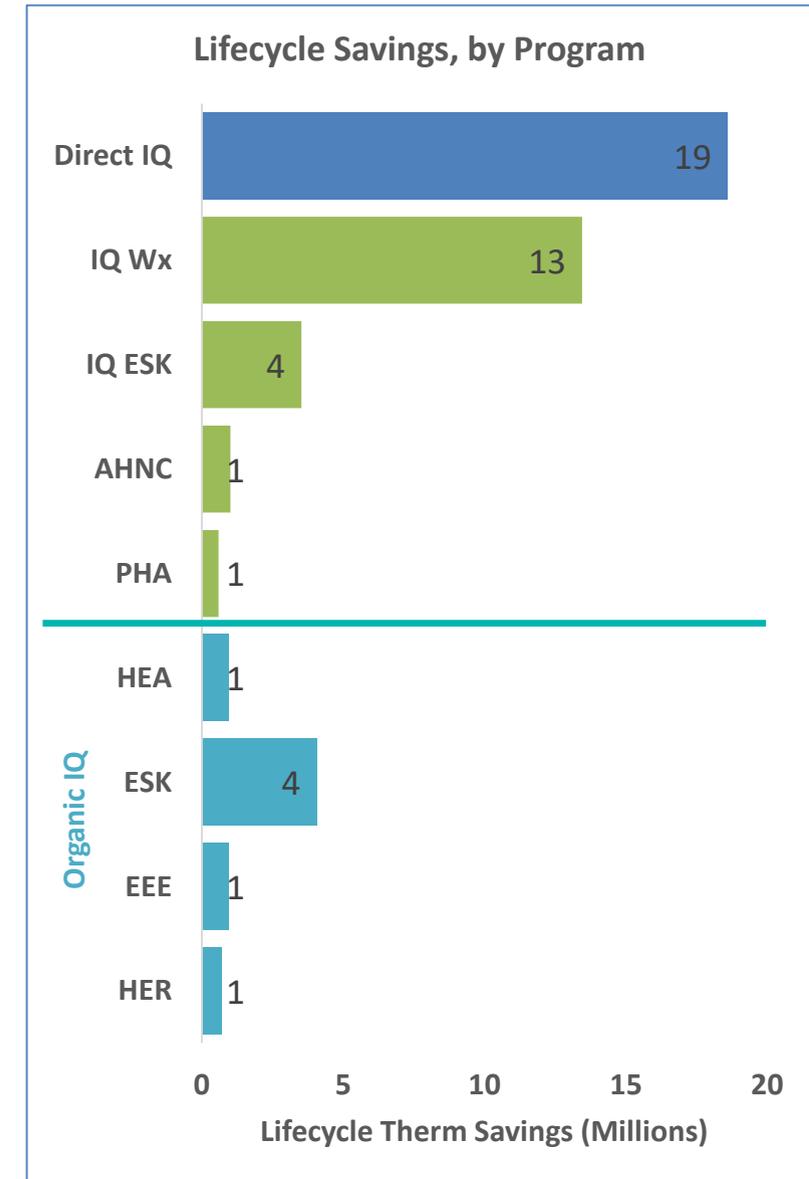
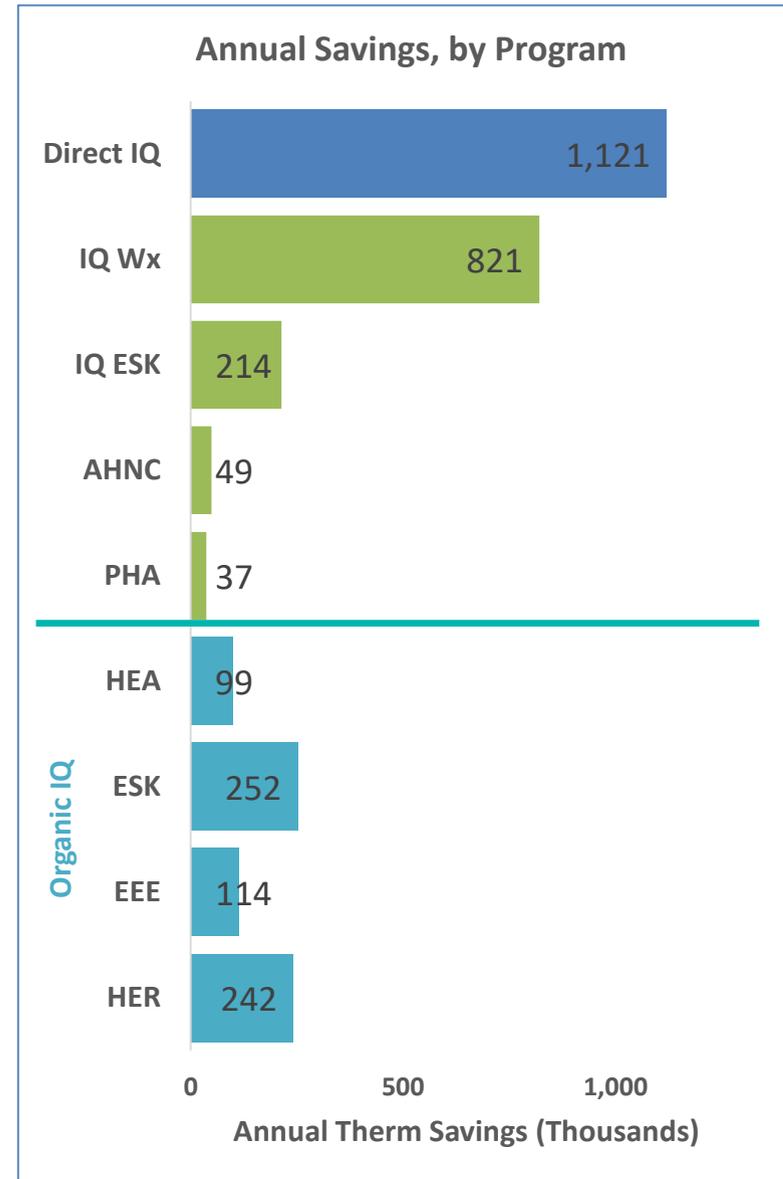
- *The utilities shall also present a portfolio of energy efficiency measures proportionate to the share of total annual utility revenues in Illinois from households at or below 150% of the poverty level.*
- *Such programs shall be targeted to households with incomes at or below 80% of area median income.*

## Nicor Gas Approach

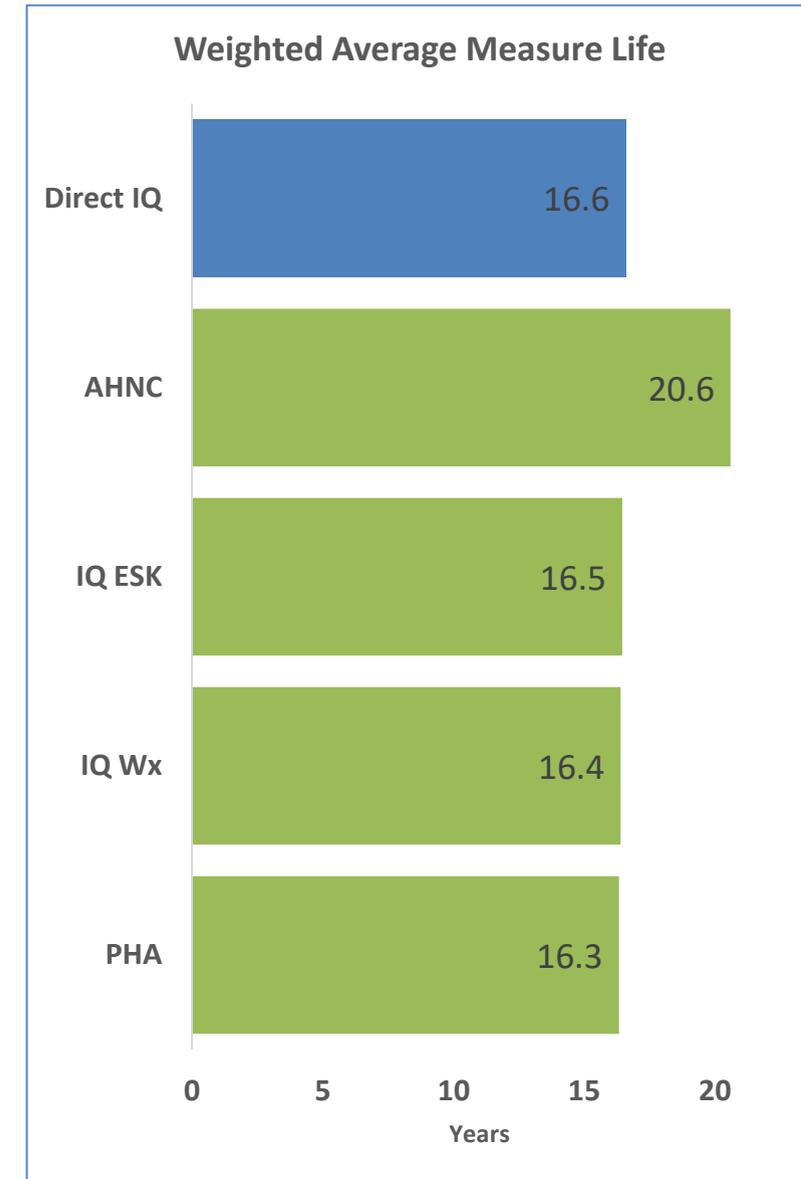
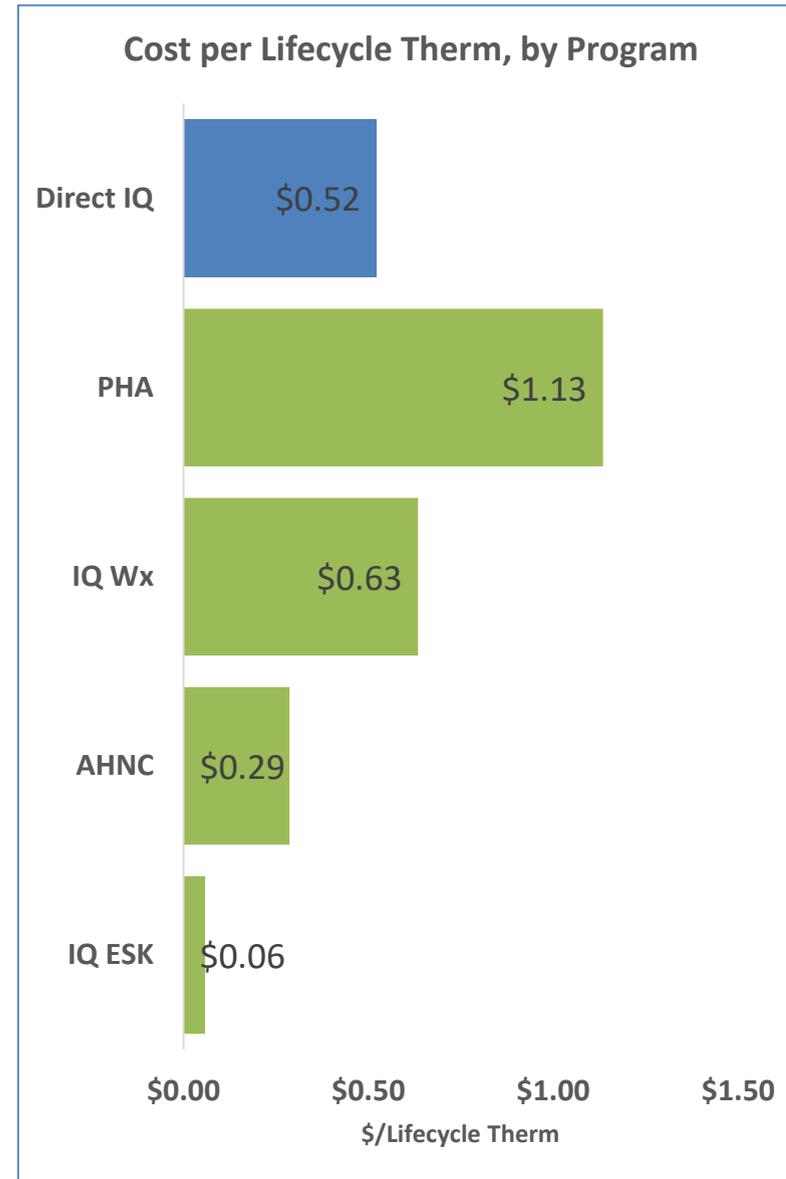
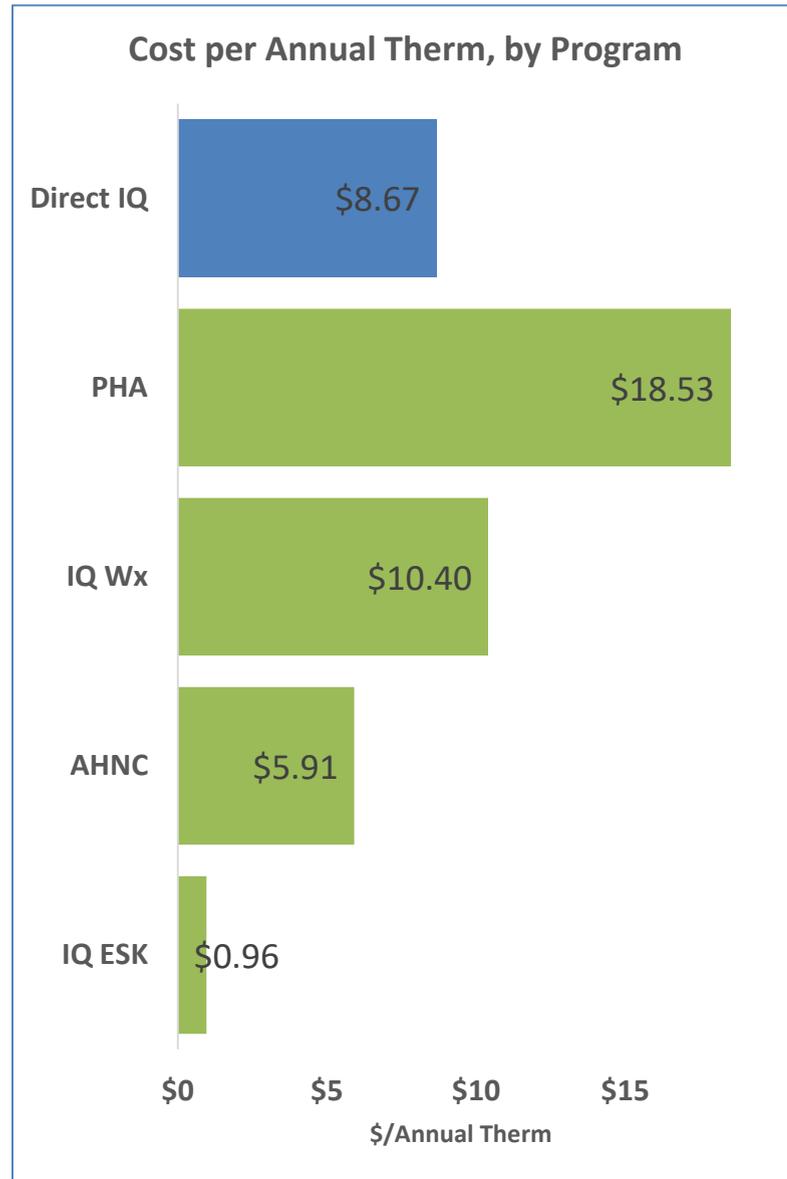
- Proportionate revenue from households <150% of poverty is \$5.2M (~14% of program budget)
- Nicor Gas will fund IQ offerings at \$11.2M (~30% of program budget)
  - \$9.7M in Direct IQ spend
  - \$1.5M in Targeted Organic spend
    - Home Energy Assessments
    - Home Energy Reports
    - Elementary Energy Education
    - Energy-Saving Kits



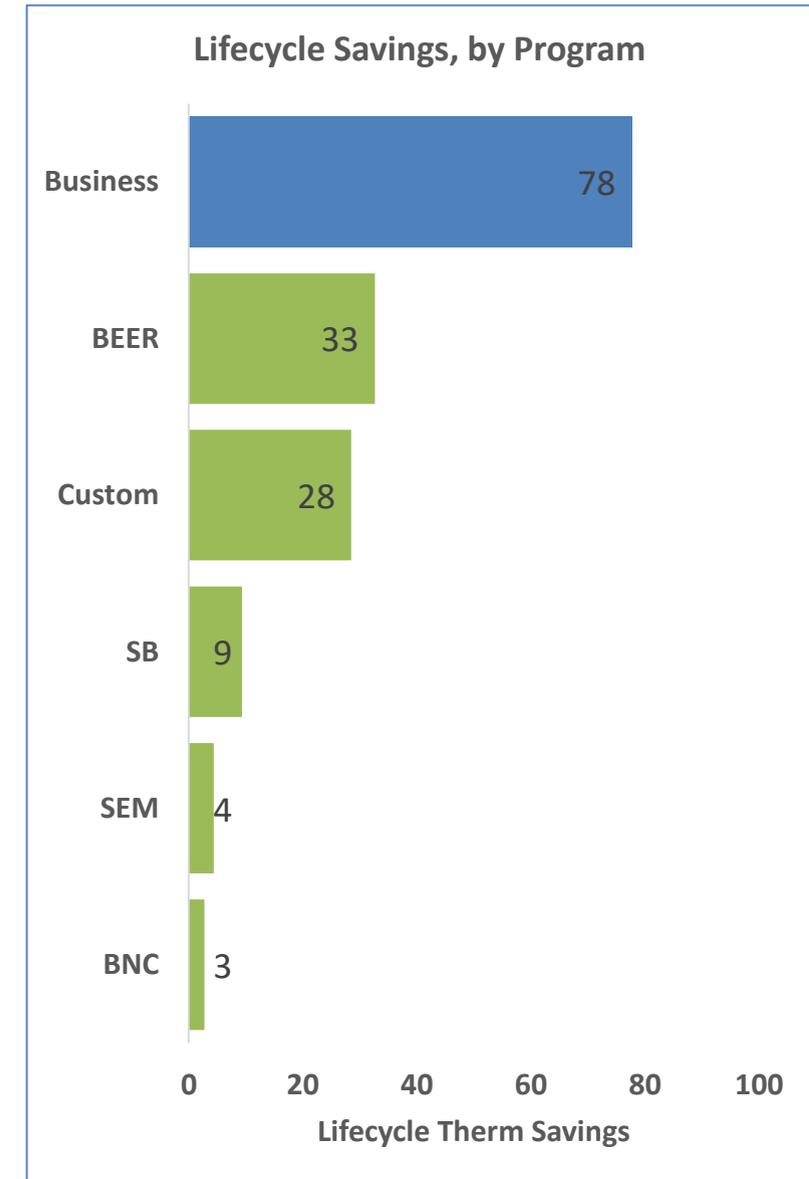
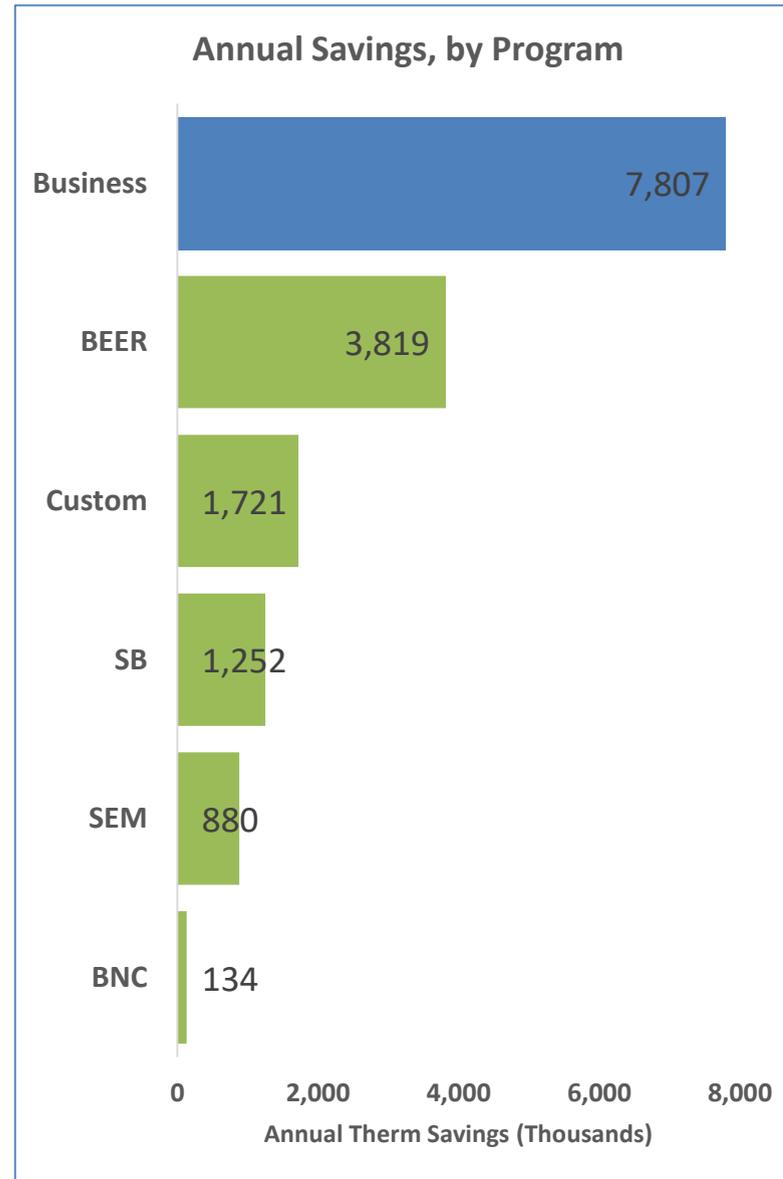
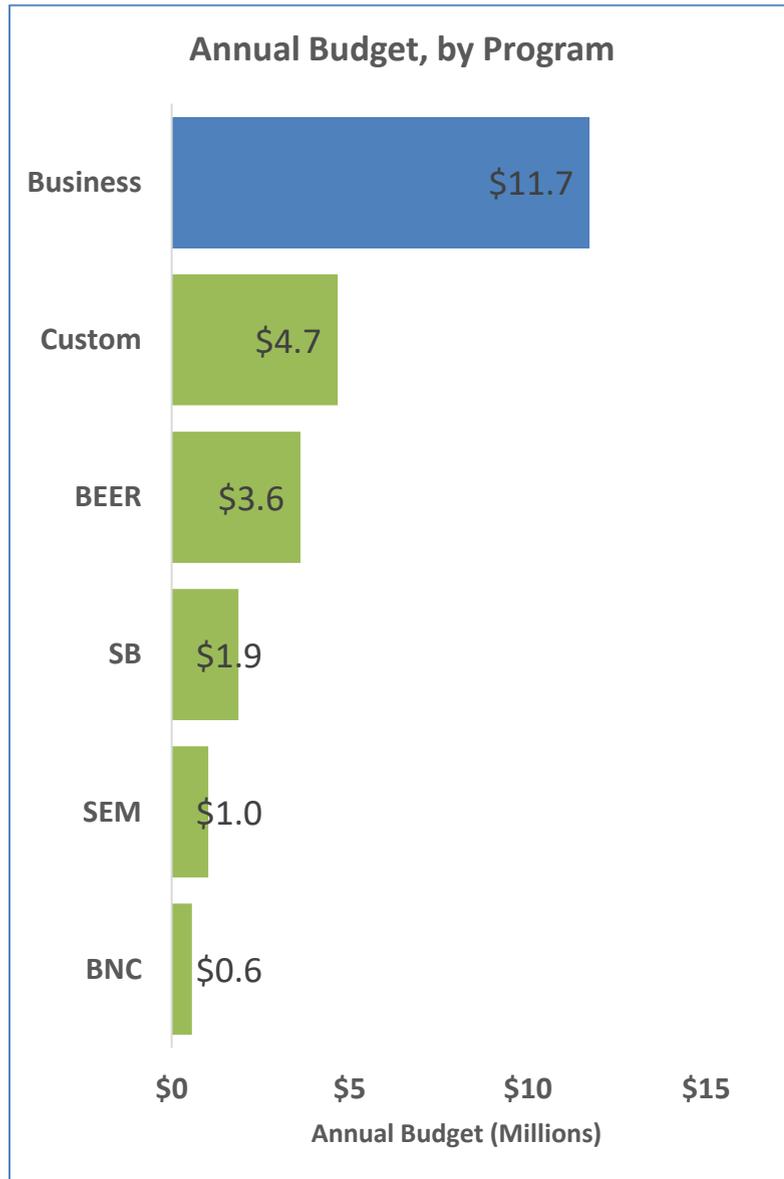
# Proposed Plan: Income-Qualified (Budget and Savings)



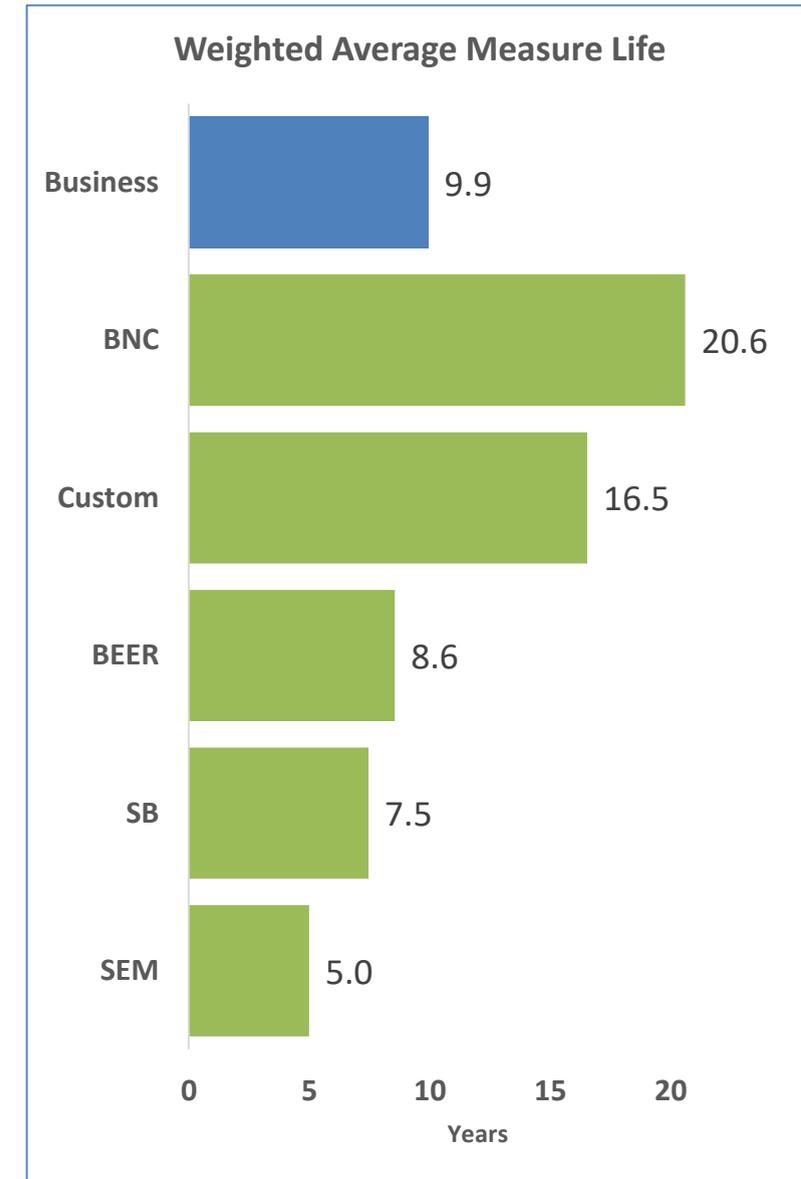
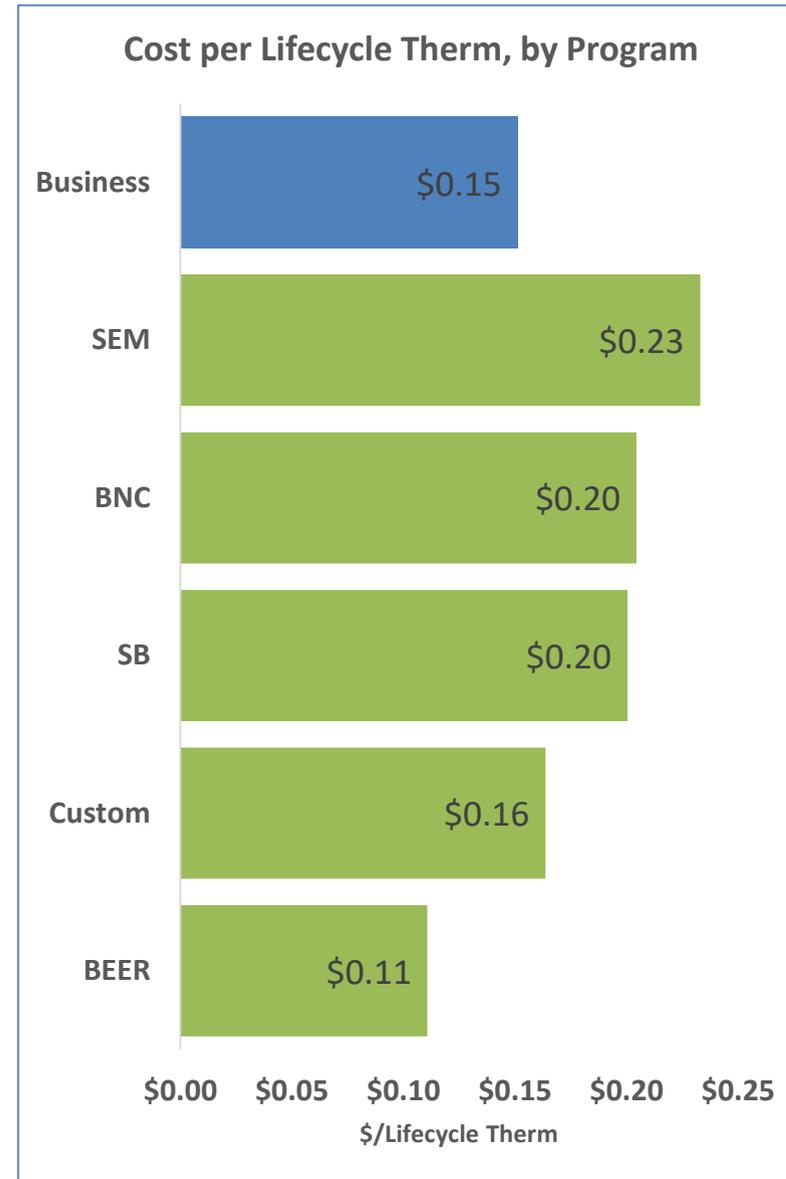
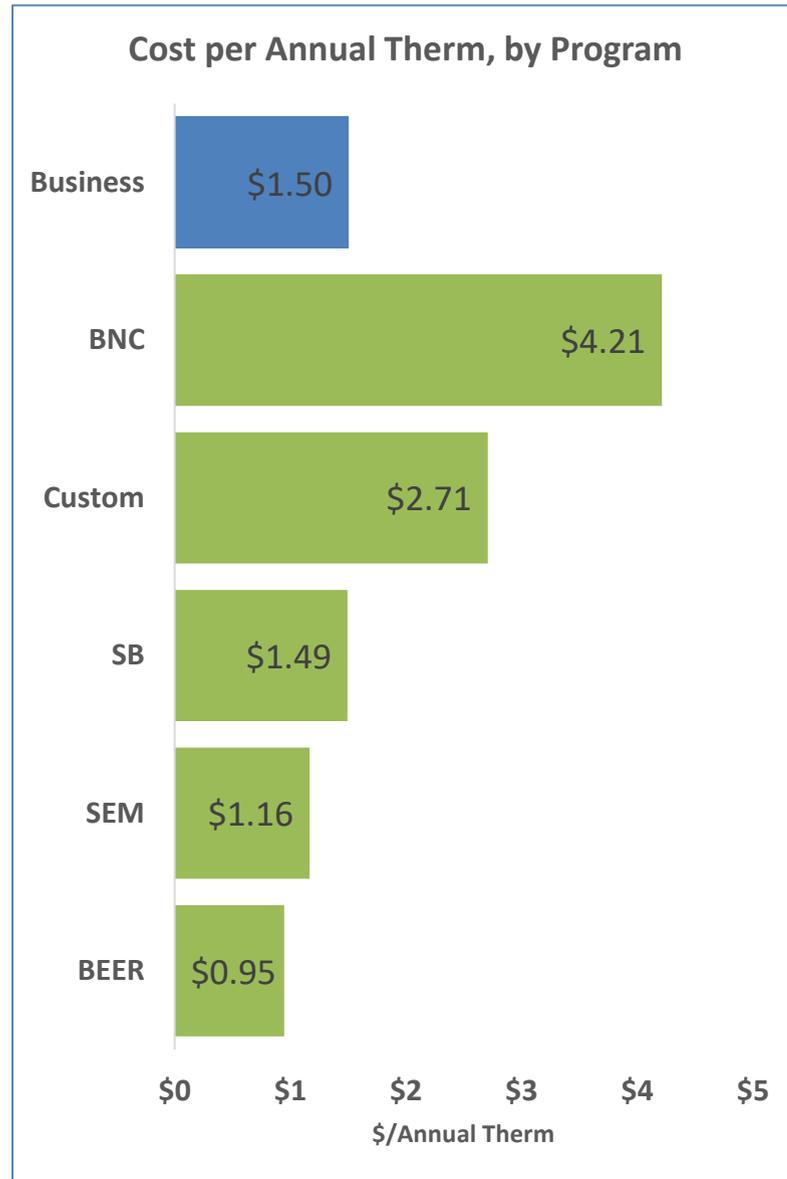
# Proposed Plan: Income-Qualified (\$/Therm and WAML)



# Proposed Plan: Business (Budget and Savings)



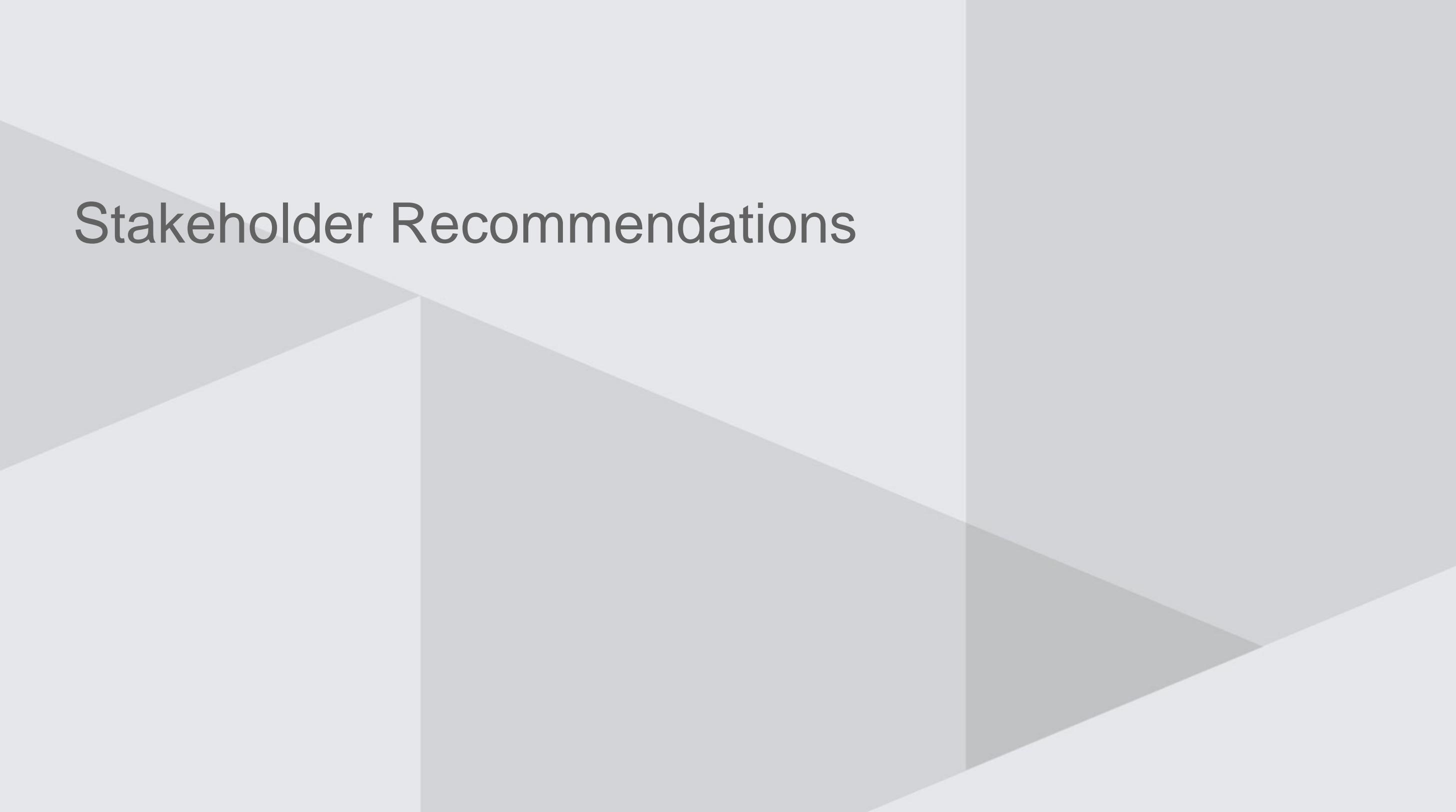
# Proposed Plan: Business (\$/Therm and WAML)



# Cost Effectiveness by Program



# Stakeholder Recommendations

The background features several overlapping geometric shapes in various shades of gray. A large, light gray triangle is positioned on the left side, pointing downwards. Another large, light gray triangle is on the right side, pointing upwards. These two triangles overlap in the center. A vertical gray bar is located on the right side of the page. The overall composition is minimalist and modern.

# Stakeholder Recommendations

- IQ spending
- Non-IQ weatherization spending
- Program design recommendations



# Recommendation: Increase IQ Spending



- **NCLC Recommendation**

- 85% of residential budget
- Represents 57% of program budget

- **Background**

- 8-104 requirement is \$5.2M/year
- EEP 3.1 spending is \$8.1M/year (25% of program budget)
- 85% of residential budget = \$21.3M; ~2.6X existing targets

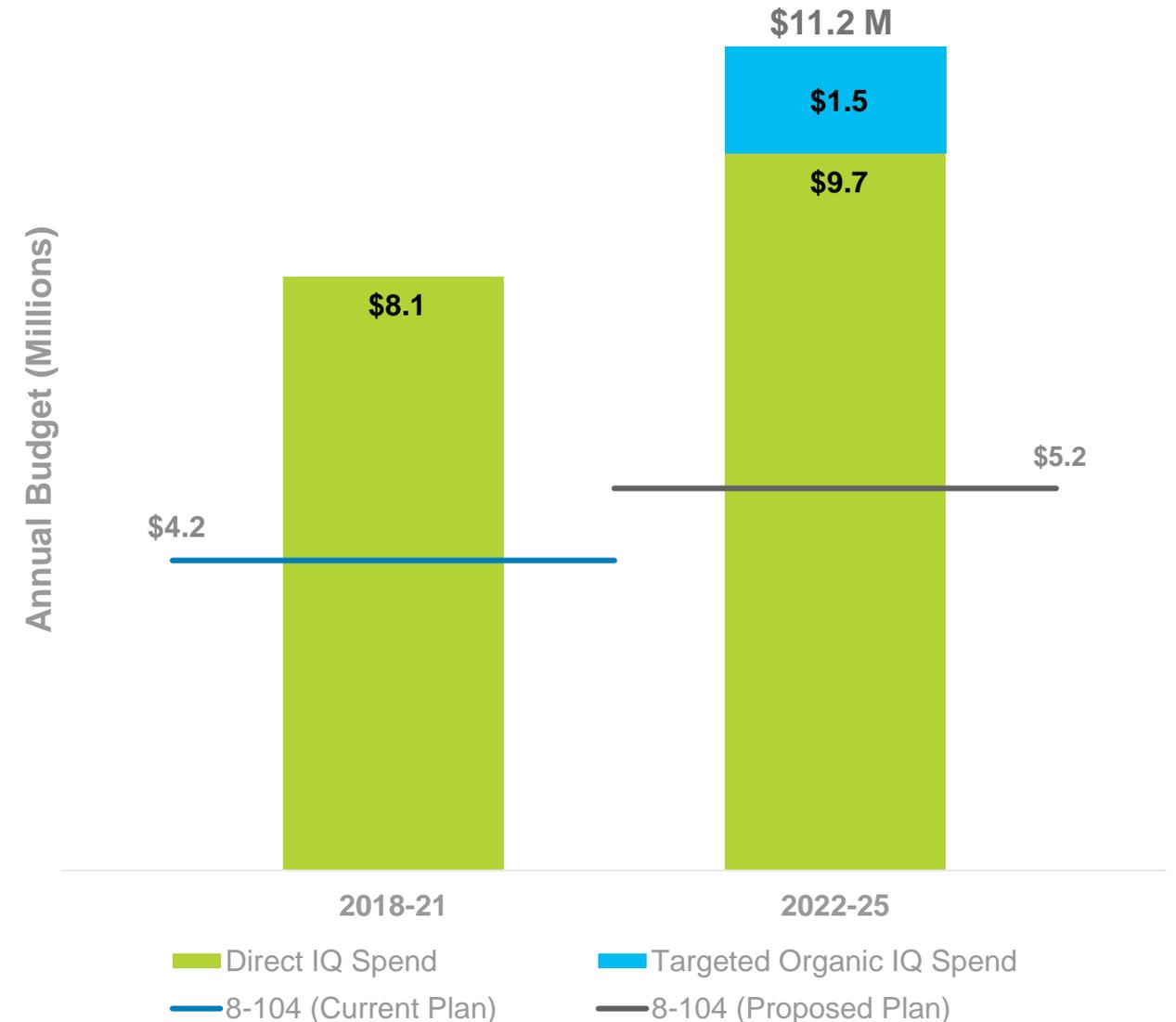
- **Nicor Gas Approach**

- *Total IQ Spending of ~\$11.2M*
  - *\$9.7M Direct Spending (26% of Program Budget)*
  - *\$1.5M Tracked Organic Spending*
  - *\$11.2M Total Spending (30% of Program Budget)*

- **Organic Spending**

- Targeted organic spending will also count towards goal:
  - Home Energy Assessments
  - Home Energy Reports
  - Elementary Energy Education
  - Energy-Saving Kits
- Additional IQ spending in other programs won't count towards goal:
  - Home Energy Efficiency Rebates
  - Multi-family
  - Other programs

## Income Qualified Spending



# Recommendation: Increase Weatherization Spending



- **NRDC Recommendation**

- 20% of portfolio budget for single- and multi-family weatherization/comprehensive upgrades
- Detailed program design changes (rebates, OBF, etc.)

- **Background**

- 2020 Weatherization spending is ~\$1.7M (~4% of total portfolio; 9% of program costs).
- 20% of portfolio budget represents \$9.1M, over 5X current investment (or ~24% of program budgets).
- ComEd withdrew from SF Weatherization offering in 2020, increasing Nicor Gas delivery costs.

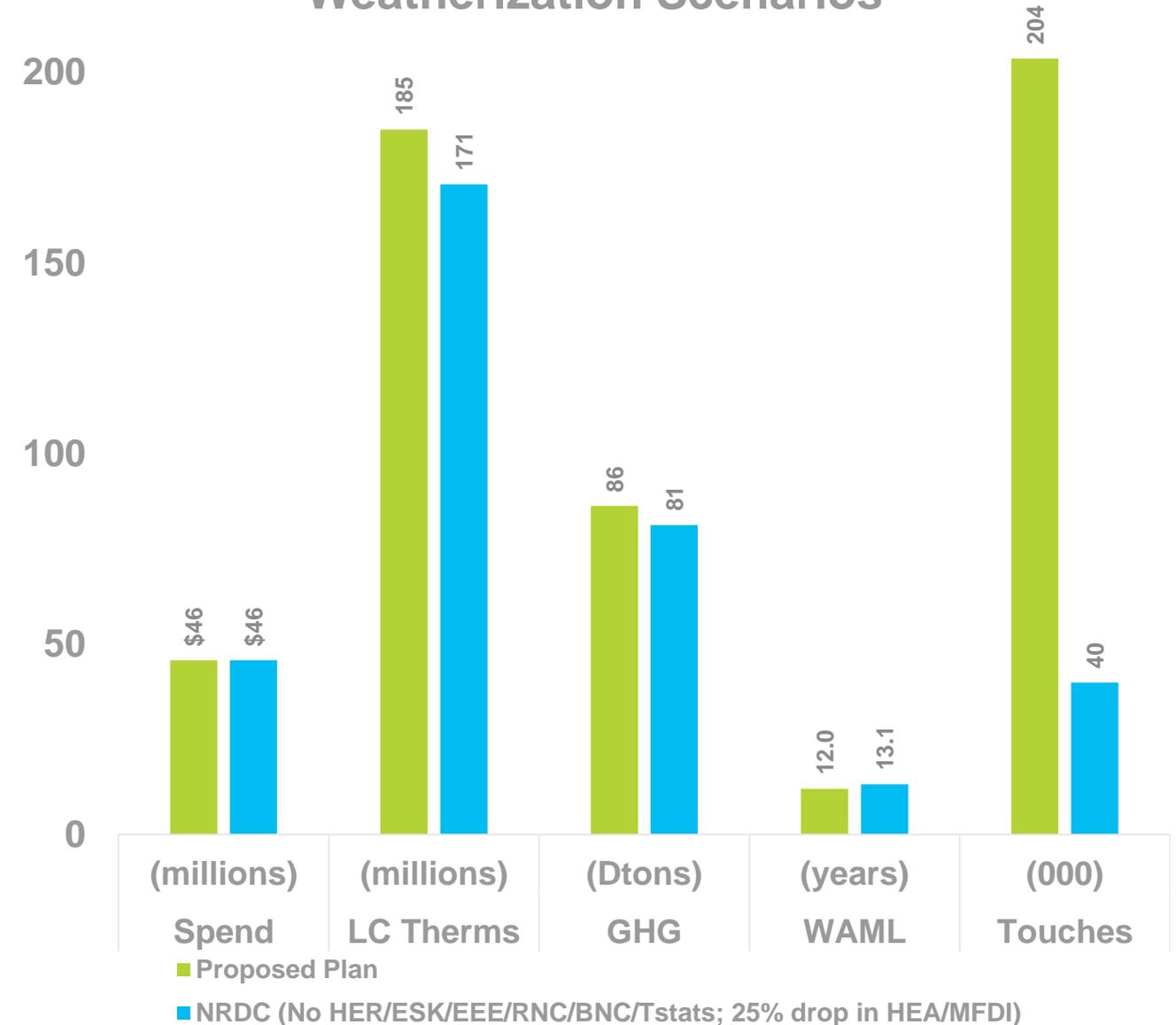
- **Nicor Gas Approach**

- *Increase annual SF/MF comprehensive spend by ~70%*
- *Maintain current Nicor Gas single-family delivery strategy*
- *Add targeted multi-family weatherization offering*
- *Allow Nicor Gas to convert kWh savings from programs without ComEd cost sharing*

- **Benefits of Nicor Gas Approach**

- Increases investment in weatherization compared to 2020
- Higher therms/GHG savings than NRDC approach
- Vastly higher customer engagement than NRDC approach

Weatherization Scenarios



# Weatherization Program Design



- **NRDC Program Design Recommendations**

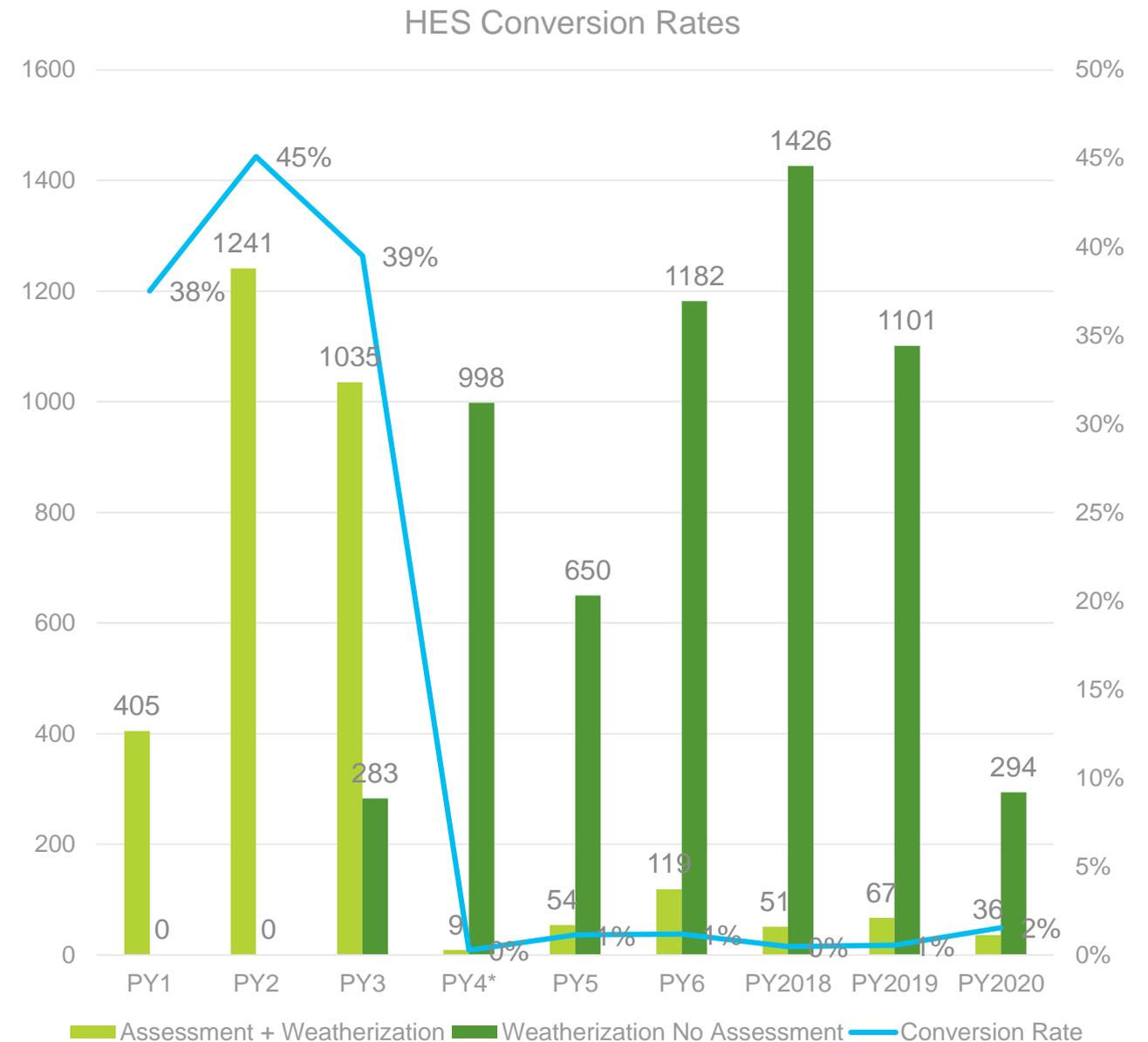
- Blower door/air sealing during assessments
- Rebates at 50% of incremental costs
- Negotiated pricing with weatherization contractors
- Integration with On-Bill Financing

- **Nicor Gas Approach**

- *Current assessment strategy*
- *Direct contractor-to-customer outreach to drive projects*
- *Rebates at:*
  - *~40% for single-family*
  - *~60% for multi-family*
- *Allow market to set prices and encourage contractors to continue to drive projects*
- *Integration with OBF*

- **Benefits of Nicor Gas Approach**

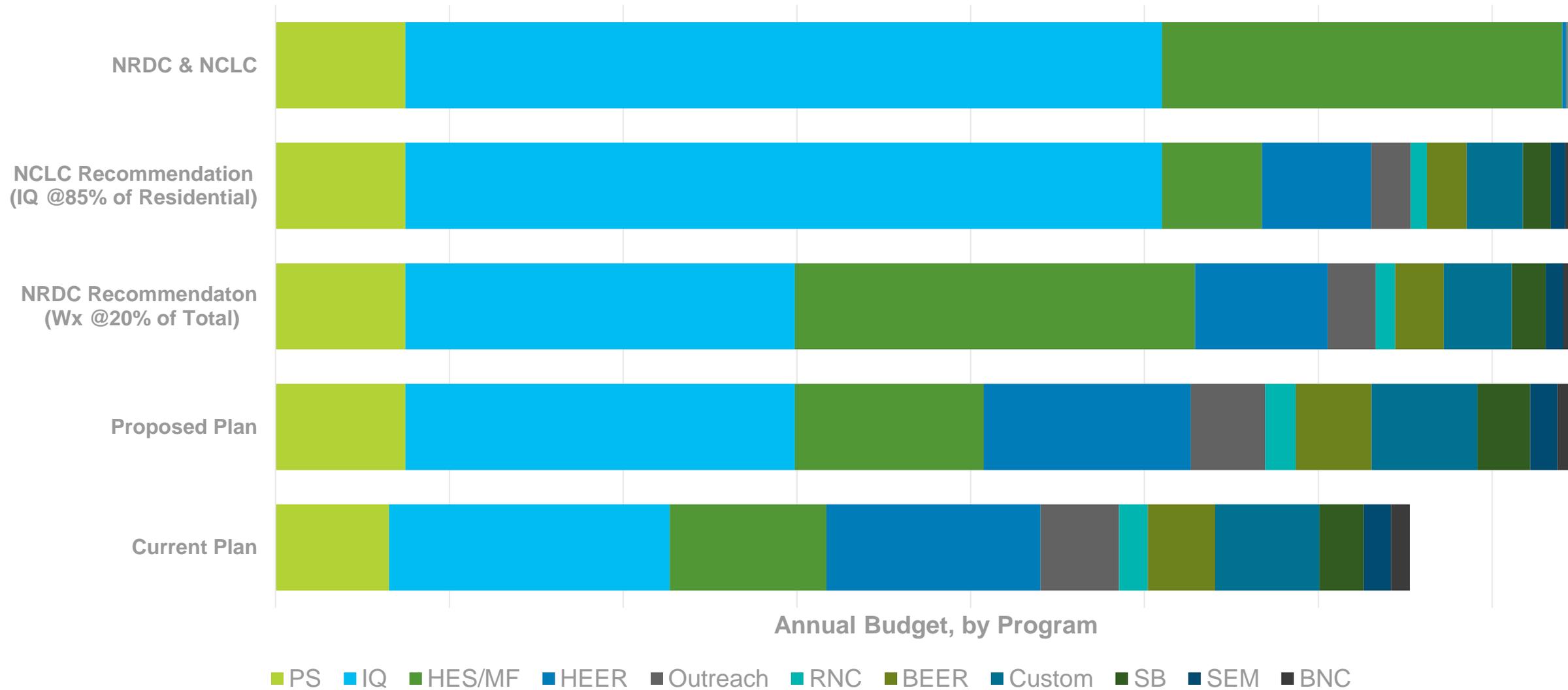
- Less expensive overall
- Less time/costs for customers
- More projects



# Stakeholder Recommendations Upset Balanced Portfolio



## Stakeholder Recommendations for IQ and Weatherization



# Recommendations: Program Design Issues



	Not Applicable	Emerging Tech/ MT	Already Doing	Good Idea	Further Analysis	Not Adopted	Total
<i>Does Not Apply (e.g., Electric Only):</i>	<b>28</b>						<b>28</b>
<i>Pilot Programs/Measures:</i>		<b>3</b>					<b>3</b>
<i>Program Design Recommendations:</i>			<b>21</b>	<b>3</b>	<b>2</b>	<b>6</b>	<b>32</b>
<i>Budget/Savings Goal Recommendations:</i>			<b>6</b>	<b>2&gt;&gt;6</b>	<b>7&gt;&gt;3</b>	<b>5</b>	<b>11</b>
<b>Total</b>	<b>28</b>	<b>3</b>	<b>27</b>	<b>9</b>	<b>5</b>	<b>11</b>	<b>83</b>

Stakeholders provided **83 recommendations** to utilities.

- Many applied only to electric utilities or were referred to the ET/MT intake processes.
- Most of the remaining recommendations focused on program design (e.g. marketing messages).
- Nicor has incorporated several “yellow” recommendations into its proposed plan:
  - NCLC: Additional IQ spending (#39)
  - NRDC: Additional weatherization spending (#52)
  - Elevate: Warming cooling centers (#69): This can be accommodated within planned program/outreach budgets
  - Additional joint IQ funding (#1): Nicor is working with ComEd and the other utilities to finalize additional joint IQ funding opportunities
- Other “yellow” recommendations will require additional conversations with other utilities and stakeholders
  - Three IHWAP braiding recommendations (#35, #36, #37)
  - Two “Program Design” recommendations
    - NRDC: Tracking/reporting weatherization materials (#32)
    - NRDC: Additional IQ MF reporting (#42)

# Policy Items

# Policy Items



- Adjustable savings goals for NTG
- Converting unclaimed electric savings toward savings goals

# Adjustable Savings Goals for NTG



## Adjustable Savings Goals Policy

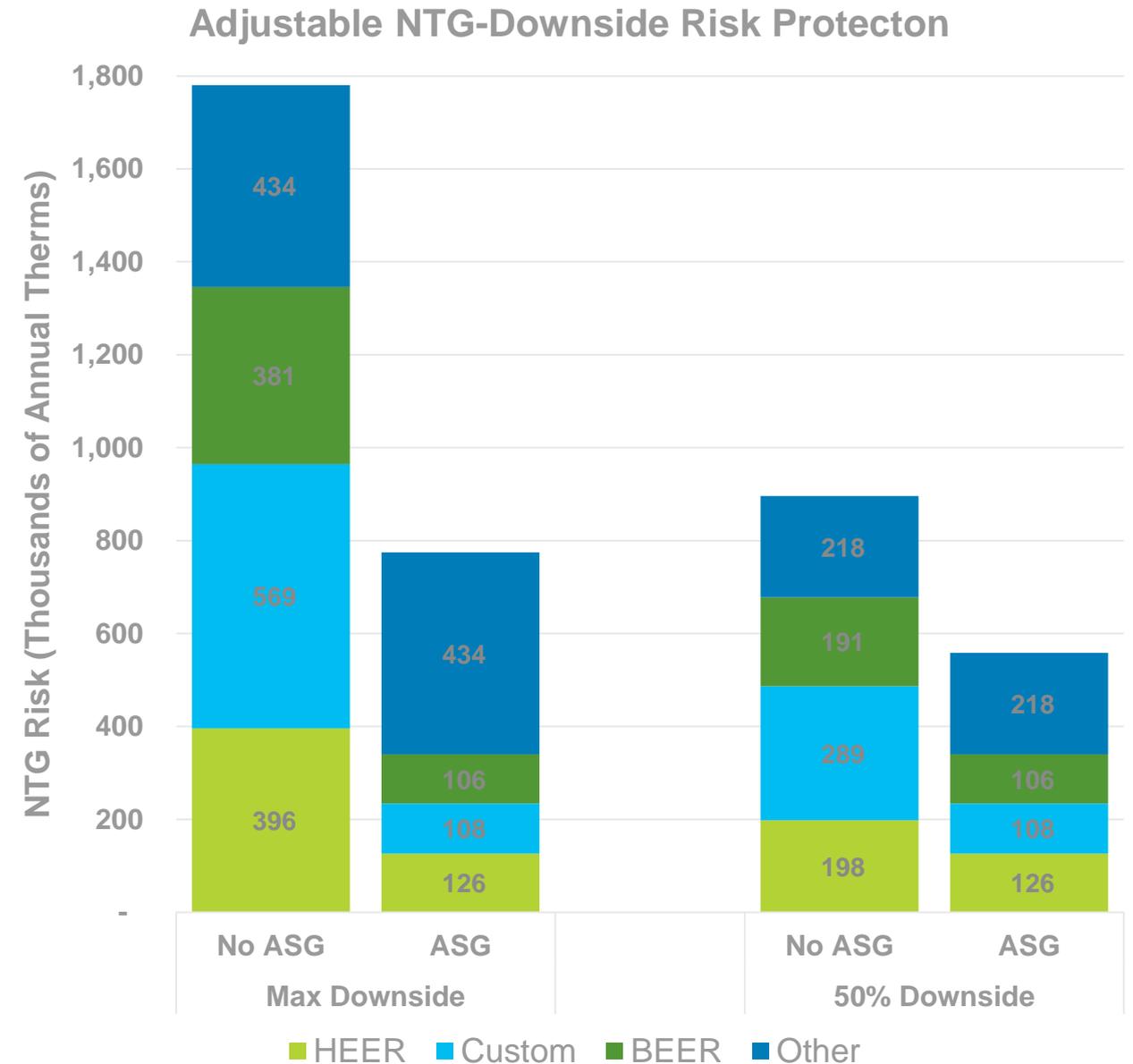
- For offerings providing >10% of savings goal:
- NTG risk is limited by NTG “collar”

## Nicor Gas Approach

- 3 programs exceed 10% of annual savings goal
  - HEER
  - Custom
  - BEER
- Apply to HEER HVAC as one offering
  - Most recent Guidehouse NTG evaluation broke HEER HVAC into three different parts
  - Factors affecting NTG would equally affect all parts of HVAC market

## Benefits of Nicor Gas Approach

- Adjustable Savings Goals limit—but does not eliminate NTG risk
- Limits upside as well as downside risk



# Converting Unclaimed Electricity Savings



## • Background

- FEJA allows electric utilities to convert savings from natural gas or other fuels toward their electric savings goal
  - Capped at 10% of savings goal
  - Prioritize low-income programs
  - Converted per Btu of fuel savings at customer site (rather than at electric generation source)
- ComEd has withdrawn from expensive electric offerings, increasing Nicor Gas cost compared to approved EEP
  - Air sealing/insulation
  - Residential New Construction

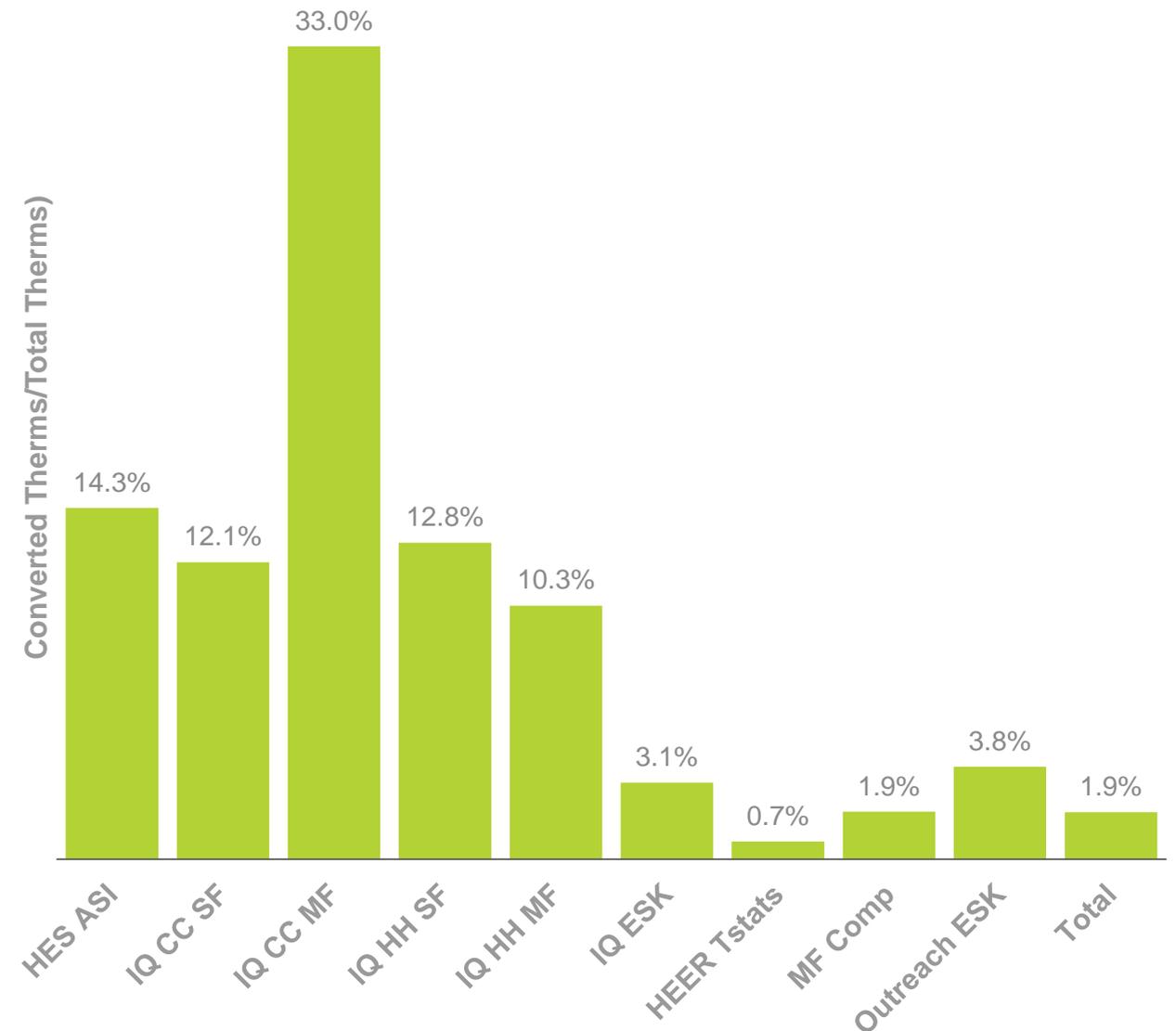
## • Nicor Gas Approach

- Allow Nicor Gas to convert electric and other fuel savings toward natural gas savings goals
- Incorporated in EEP goals (avoids savings windfall)
- Convert per Btu of fuel savings at source

## • Benefits of Nicor Gas Approach

- Hedges against ComEd leaving partnerships (or joining after goals are established)
- Reduces price premium for serving customers in muni towns

Converted kWh Share, Key Components



Thank You!



Energy  
Efficiency  
Program

Any Questions?