

# 2027 to 2029 Proposed Energy Efficiency Plan

March 24, 2026



Energy  
Efficiency  
Program

# Agenda

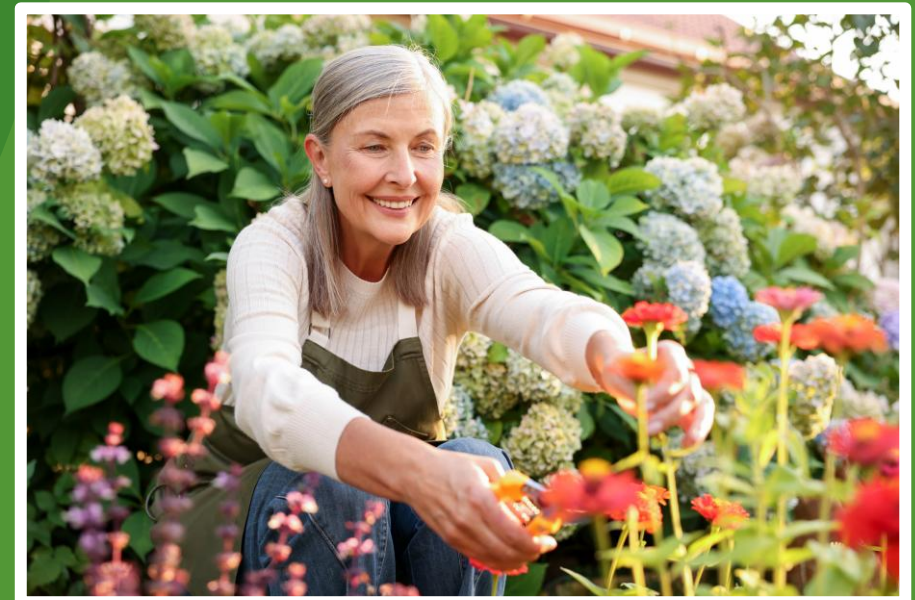
- ✓ Safety moment
- ✓ Introductions
- ✓ Portfolio impact to date
- ✓ New legislation overview
- ✓ Proposed plan overview
- ✓ Proposed plan impacts
- ✓ Sector and program overviews
- ✓ Community engagement
- ✓ Incentive mechanism
- ✓ Q&A



# Safety Moment

## Gardening Safety Tips

- Wear gloves and protective clothing
- Stay hydrated and take breaks
- Wear sunscreen, even on a cloudy day
- Wear bug spray and empty standing water to prevent mosquito bites
- Use a cart or wheelbarrow whenever possible
- Lift properly by bending from the hips and knees
- Call 811 before you dig to check for any utility lines



# Introductions



**MIKE KING**  
*Director, Energy Efficiency  
Strategy and Solutions*



**KELLY LENA**  
*Director, Energy Efficiency  
Services*



**RANDY OPDYKE**  
*Manager, Planning,  
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*Manager, Energy Efficiency  
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*Program Manager, Market  
Development Initiative*



**CHANDA ROWAN**  
*Manager, Customer  
Engagement*



**BARB RAMOS**  
*Manager, Customer and  
Partner Service*



**JONATHAN  
SKARZYNSKI**  
*Manager, Energy Policy*



**TED WEAVER**  
*Senior Director  
Dunsky Energy + Climate  
Advisors*

# Portfolio Impact to Date



**1.47** million customers have participated

**\$304** million in incentives



**274** million therms saved  
**3.4** billion lifecycle therms saved

**11,000** jobs supported

**3.2** billion pounds of CO2 emissions avoided

**\$2.7** billion in economic activity generated  
**\$171** million spent with diverse suppliers

## EQUIVALENT TO:

- 339,000 cars off the road for a year
- 194,000 homes energy use for a year
- Carbon captured by 1.4 million acres of forest in a year

# New Legislation Overview

# Clean and Reliable Grid Act (CRGA): Natural Gas EE Changes

- **Process**

- Gas utilities have the option to file amended plans that exceed current budget cap, set at 2% of utility revenues
- 2027-29 amended plan can be filed June 1, 2026
- 4-year filings resume for 2030-33 period

- **Low-income spending**

- Increases spending floor to higher of:
  - 25% of portfolio budget or
  - 5 percentage points above low-income sales share
    - Nicor low-income sales share is 15.5%
    - Nicor 2026-29 IE budget is \$17.25M (30% of total)
- Changes eligibility from 150% of poverty to 80% of AMI
- $\geq 80\%$  of spending on whole-building programs
- $\leq 15\%$  of spending for health & safety measures

- **Large customers**

- Currently exempt (do not pay in; cannot participate)
- Now covered, but can opt out

- **Other**

- Public sector budget allocations change
- Electric savings in muni-owned electric towns contribute to goal

- **Incentive Mechanism**

- Utility can propose structure for ICC approval
- Utilities can propose structure, if:
  - Budget exceeds 5% of utility revenue
  - Savings targets at least 0.7% of sales to non-opt-out customers
    - Savings target decreases with higher low-income spend
      - $\geq 35\%$  Low Income spend: 0.60% of sales
      - 30% Low Income spend: 0.65% of sales
      - 25% Low Income spend 0.70% of sales
  - Average savings life of 12 years
  - 67% of financial incentive dollars on efficiency measures that reduce the space heating loads of buildings

# Proposed Plan Overview

# Portfolio Objectives



# Program Guide

## Residential

- Home Energy Efficiency Rebates (HEER)\*
- Home Energy Savings (HES)\*
- Energy Education and Outreach\*
- Multi-Family (MF)\*
- Smart Neighborhood Builder Program (Formerly Residential New Construction—RNC)

## Income Eligible

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

## Business

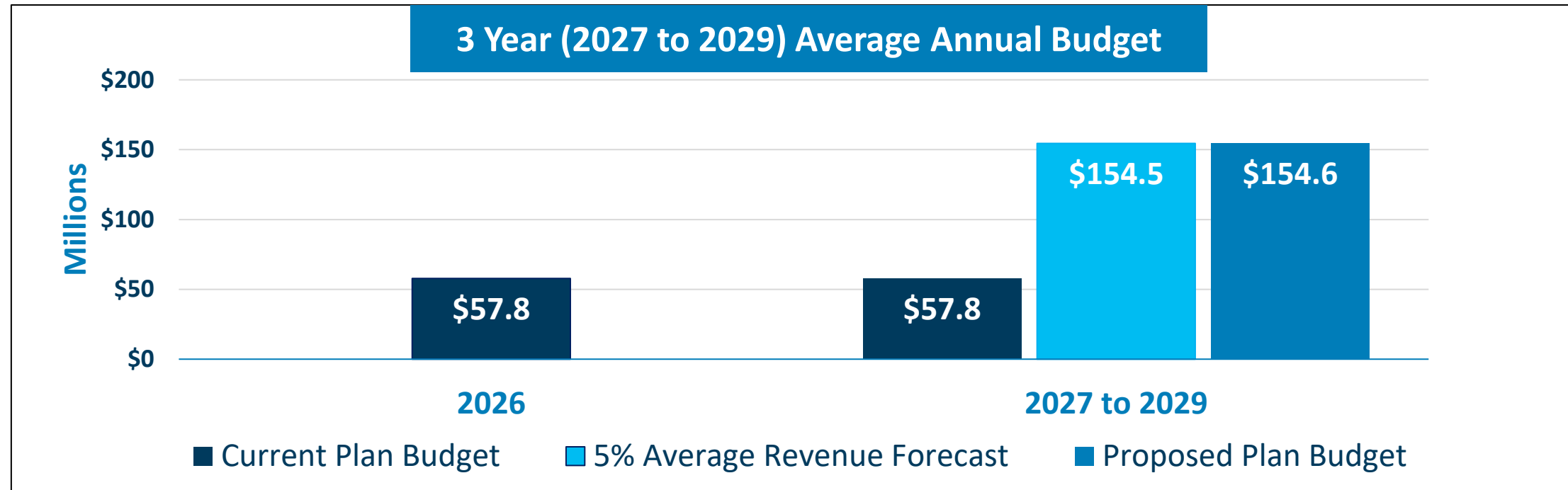
- Business Energy Efficiency Rebates (BEER)
- Commercial Food Service (CFS)\*
- Business Optimization (BOP)
- Custom\*
- Small Business (SB)\*
- Strategic Energy Management (SEM)\*
- Commercial/Industrial New Construction (CINC)

## Portfolio

Management, Marketing, Evaluation, Emerging Technology (ET)\*, Market Transformation (MT)\*, Market Development Initiative (MDI)\*

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

# Budget Increase from Existing Portfolio



- Current 4-year plan total budget = **\$231.2M (annual average budget of \$57.8M under the 2% of utility revenue cap)**
- 5% of total utility revenues over the 3 year = **\$463.6M (annual average of \$154.5M)**
- Proposed 3-year plan total budget = **\$463.8M (annual average budget of \$154.6M)**
  - Projected budget is managed over a 3-year period, to meet the 3-year legislative requirement and spend slightly above 5% of utility revenue, to qualify for an incentive mechanism

# Savings Targets Under CRGA

## 2027 to 2029 average incremental annual savings target components



Nicor Gas is proposing an average annual spending of **\$47.0 million** in income eligible programs (30.40% of the total portfolio \$154.6M average annual budget)

- Households with incomes at or below 80% of area median income



**0.646%**  
**% of Sales Target**

0.70% target reduces by 0.054% due to 5.40% increase in income eligible spending above the 25% minimum



**4,093,665,087 Therms**  
**2023-2025 Average**  
**Non-Opt-Out Gas Sales**

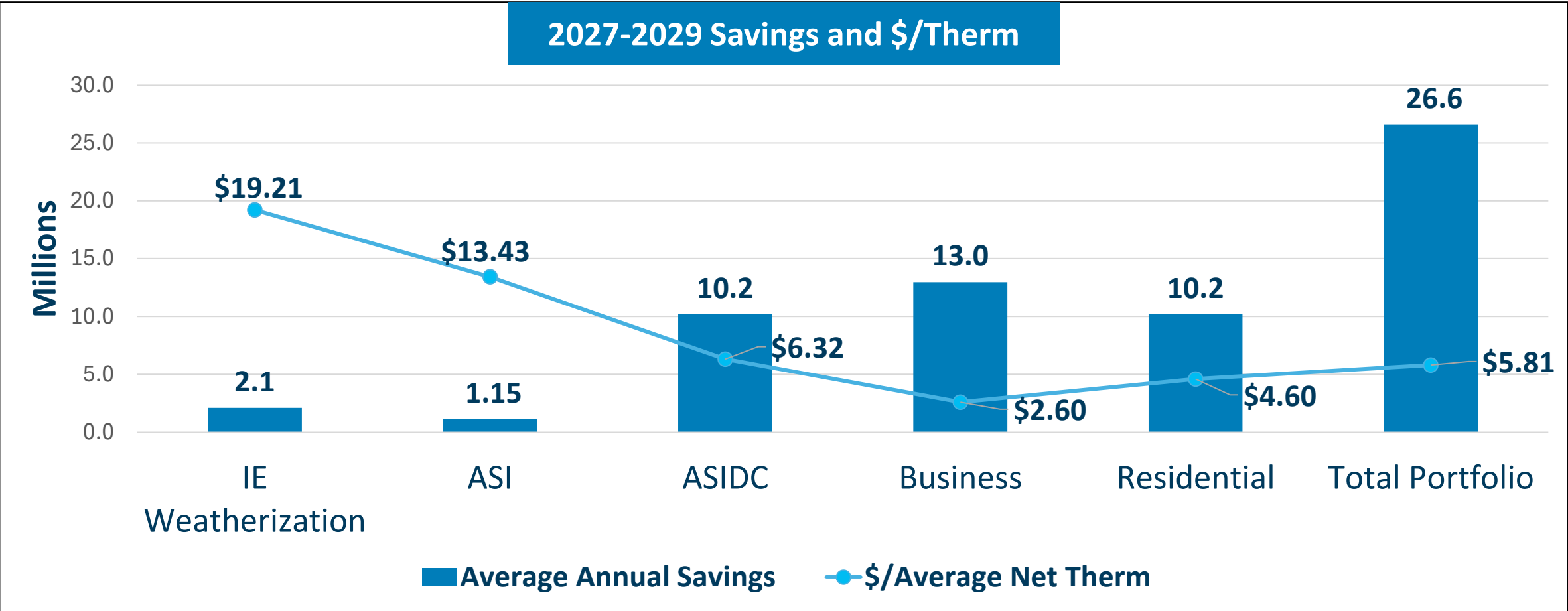
Average total gas sales 4,522,080,928 therms  
subtracting opt-out sales (428,415,840 therms)  
Total eligible opt-out sales are 808,331,774 therms



**26,444,653 Net Therms**

2027 to 2029 average  
incremental annual savings target

# Balancing Larger Commitments to IE Customers and Air Sealing & Insulation



- CRGA requires that, for a portfolio with a budget over 5% of revenues with an incentive mechanism, 67% of all financial incentive dollars come from measures related to air sealing, insulation, distribution system and controls (ASIDC)
- Providing a balanced portfolio that focuses on affordability, customer choice, and making a larger impact by achieving the larger savings goals and reducing more greenhouse gas emissions

# 2027 to 2029 Proposed Plan Impacts



**5.3** million metric tons of CO2 emissions

**79.8** million net therms savings  
**1.0** billion net lifecycle therms

**880** thousand unique customers served

**\$256** million in incentives



**4,660** jobs supported

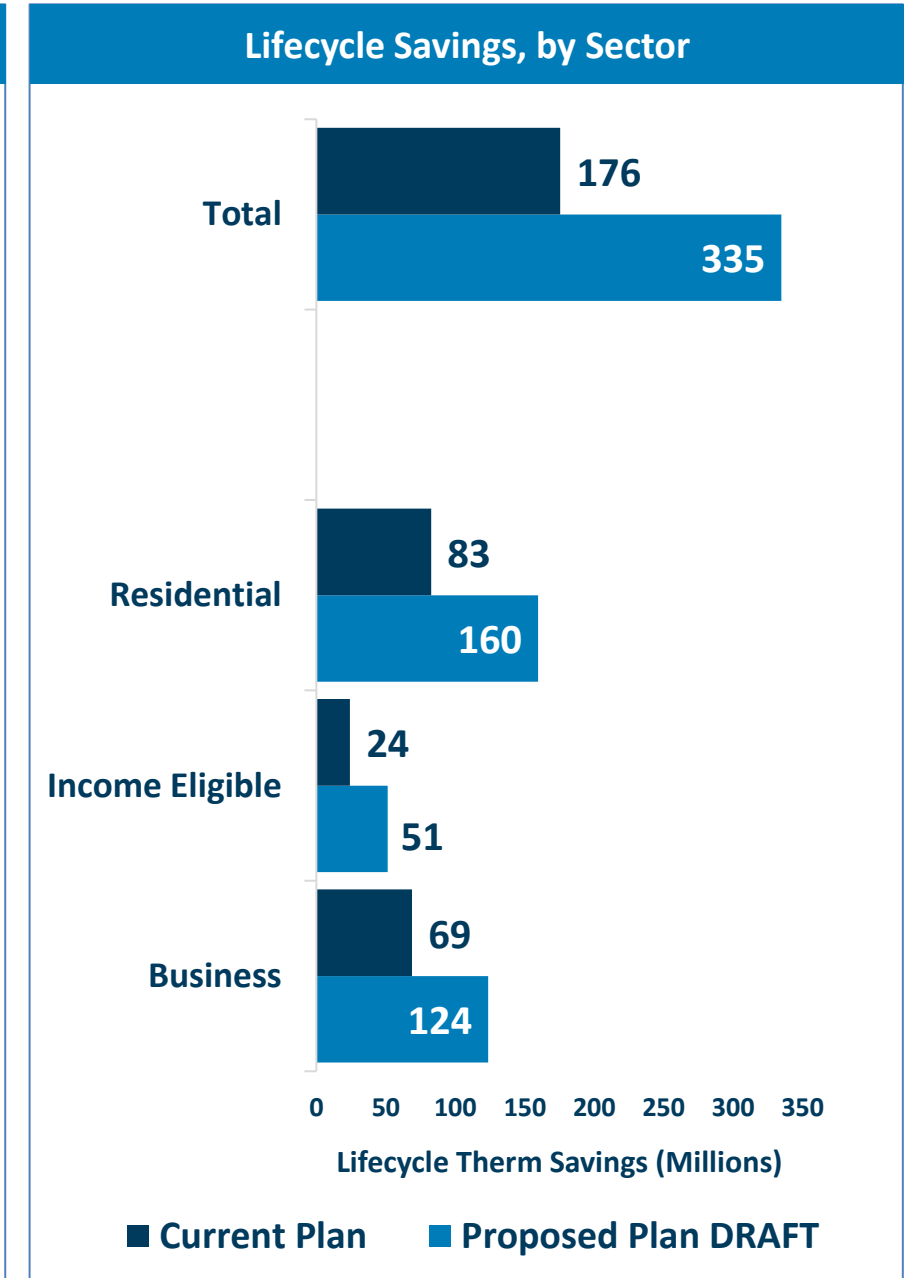
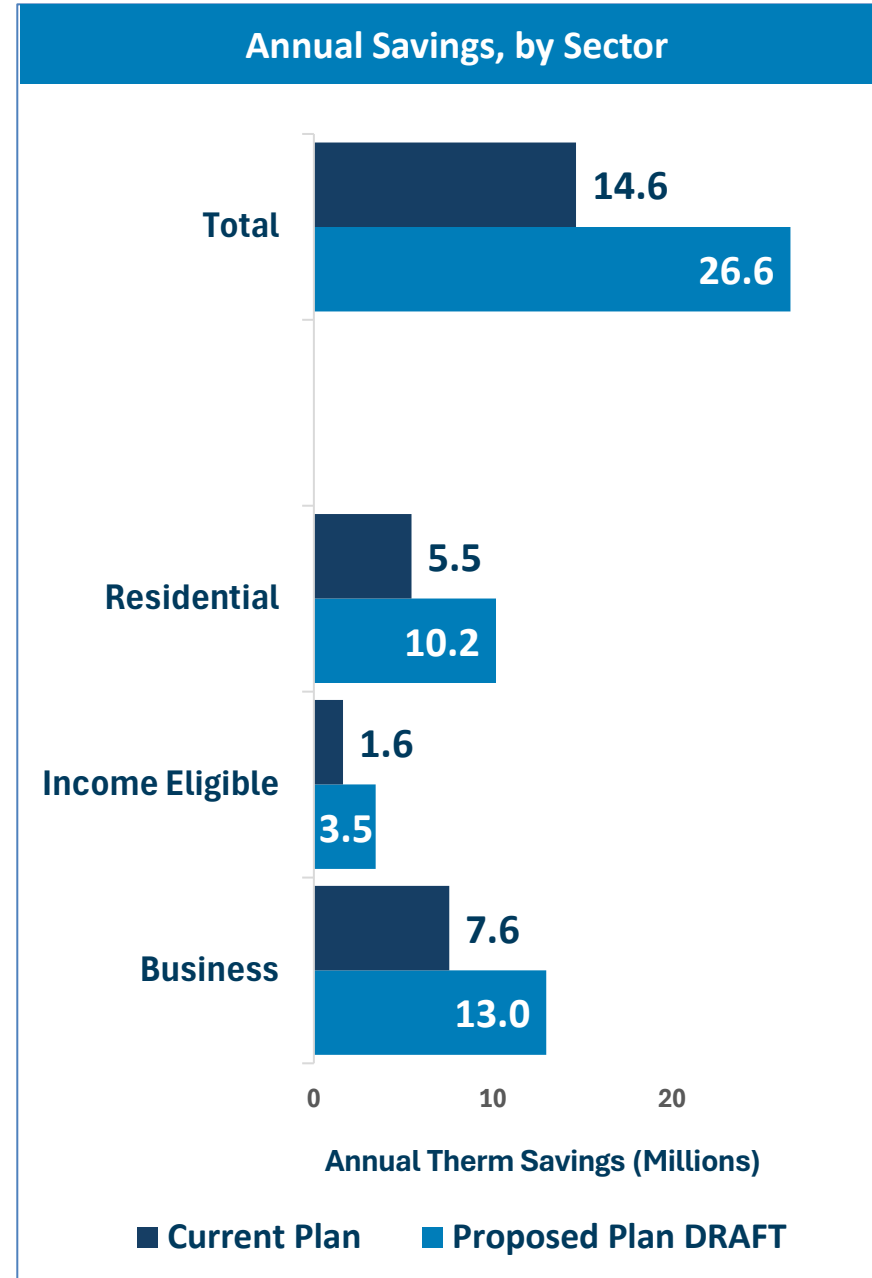
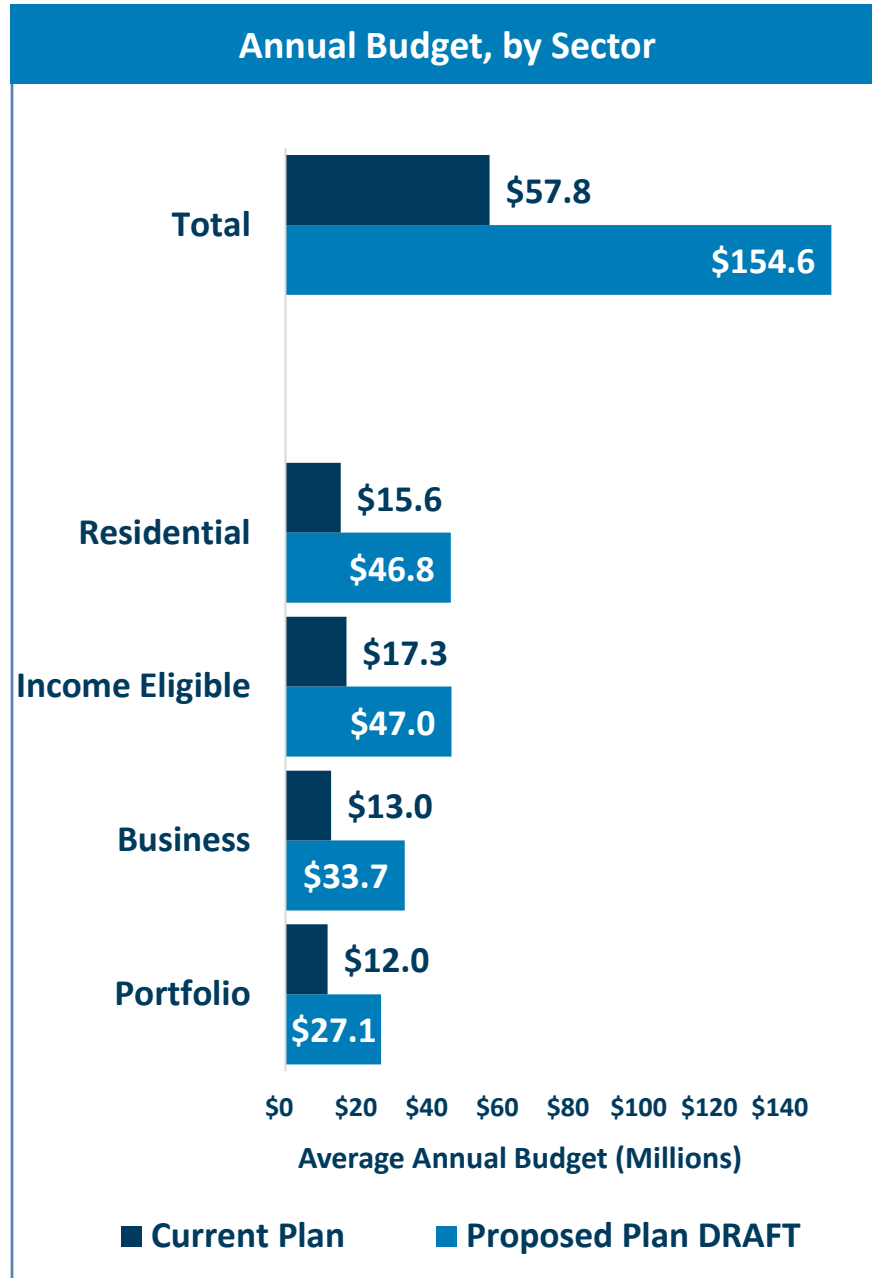
**\$616** million in wages supported

**\$1.0** billion in economic output

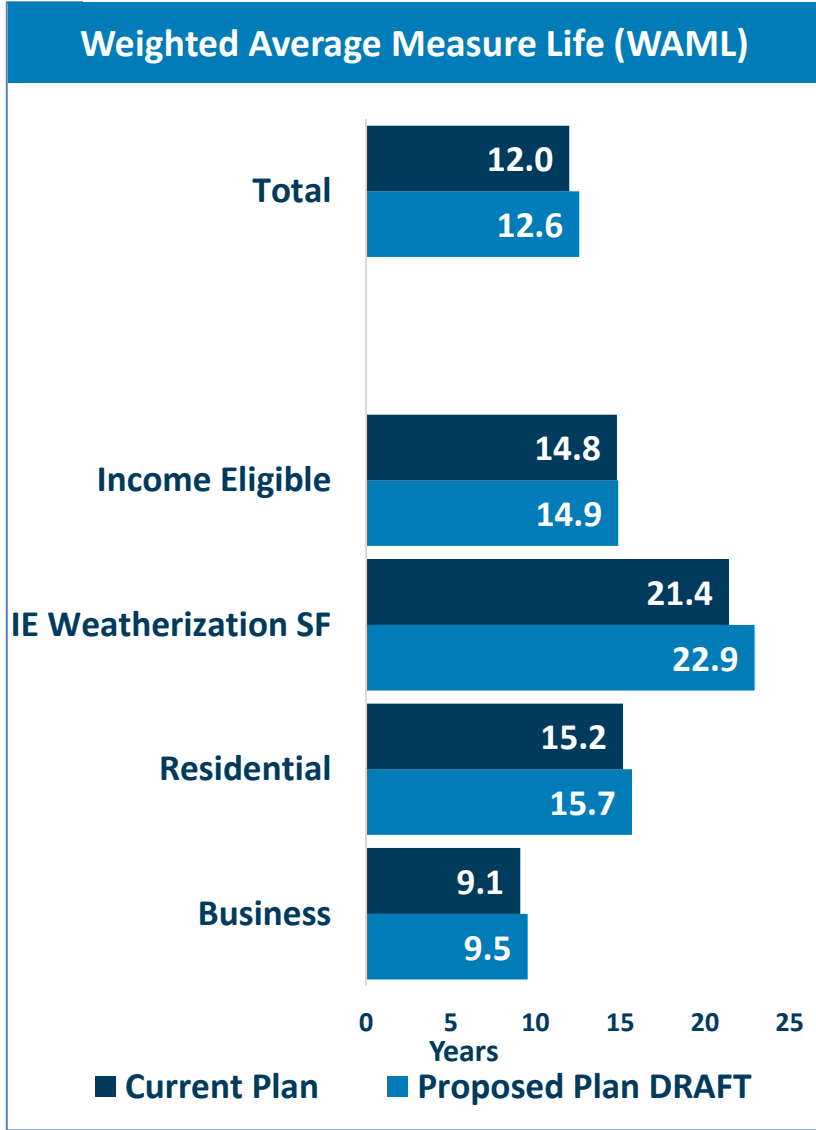
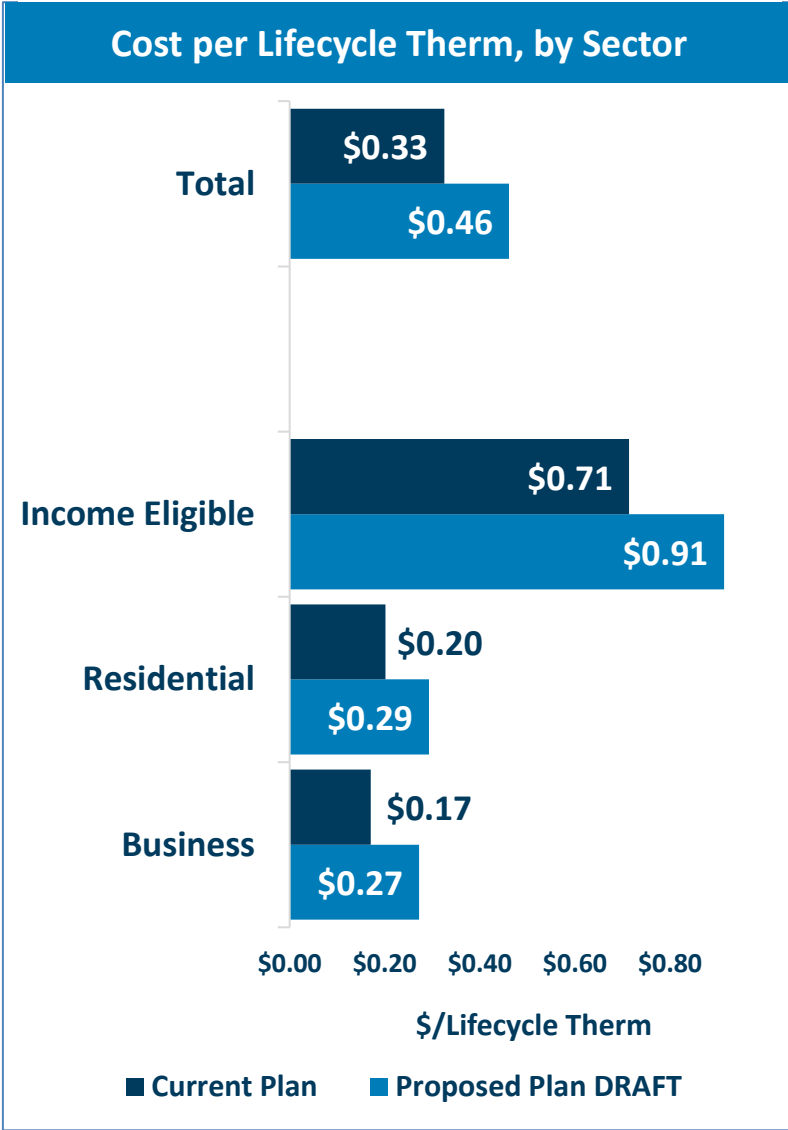
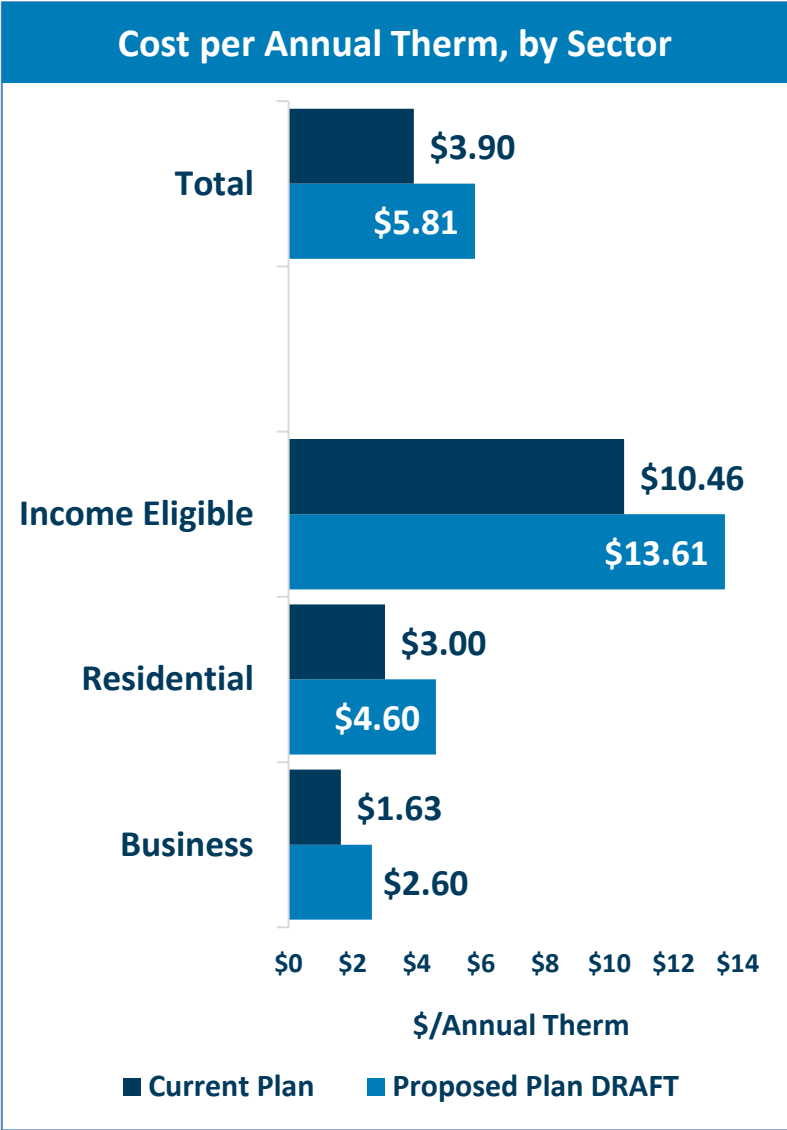
- Air sealing and insulating over 18,000 market rate residential households
- Outreaching to more than 68,000 income eligible families
- Weatherizing over 4,700 income eligible homes
- Over 7,600 businesses participating in energy efficiency

# Sector and Program Overviews

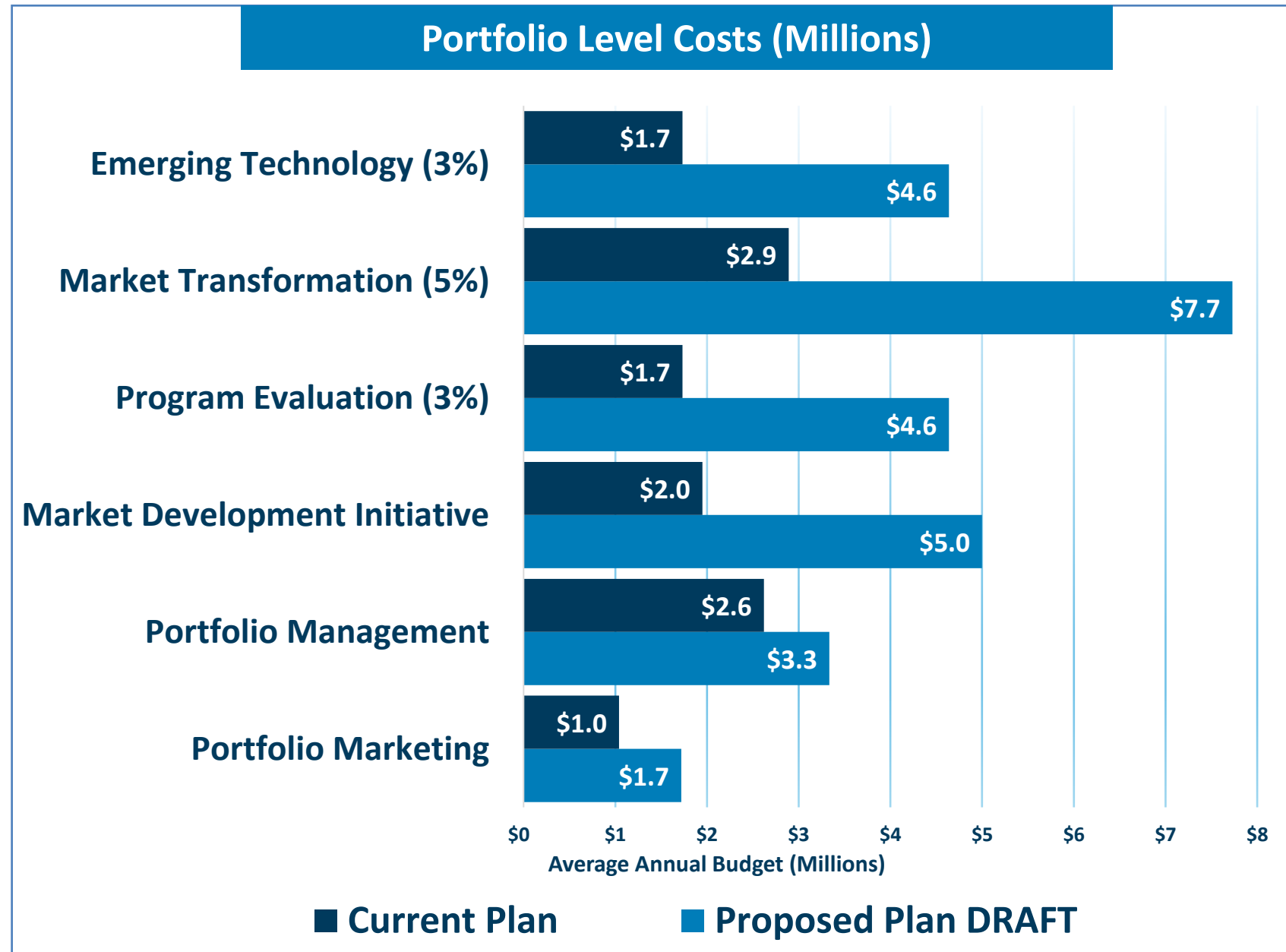
# Current vs. Proposed Plan (Budget & Savings)



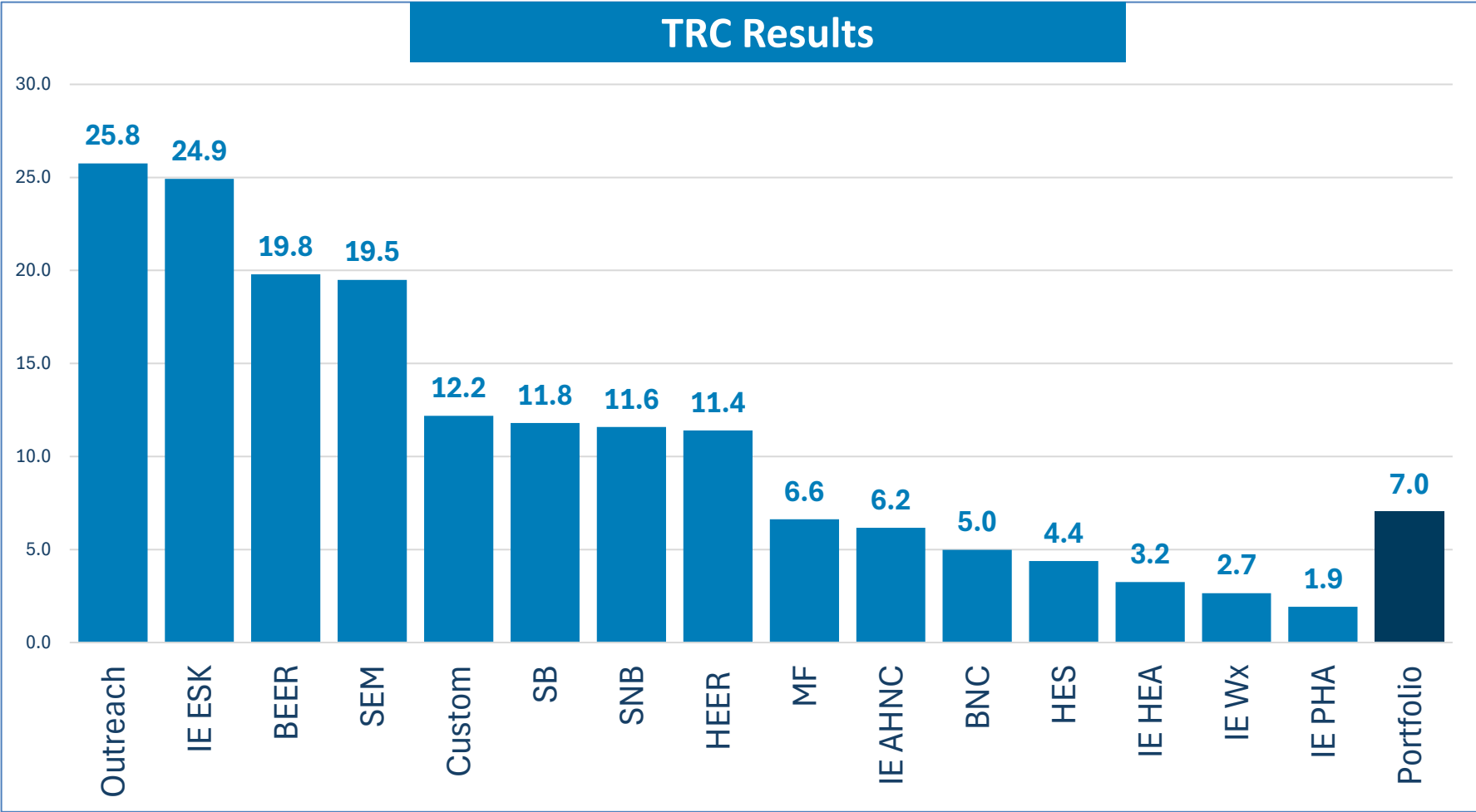
# Current vs. Proposed Plan (\$/Therm and WAML)



# Current vs. Proposed Plan (Portfolio Budgets)



# Cost Effectiveness by Program



### Total Resource Cost (TRC) Test

Portfolio minimum Requirement >1

### Avoided Cost Includes:

- Annual Energy Outlook Natural Gas Forecast
- Transmission and Distribution (T&D)
- Greenhouse Gas Adder (GHG)
- Non-Energy Impacts (NEI)

TRMv14

Real Discount Rate: 2%

Inflation: 2.28%

Nominal Discount Rate: 4.33%

# Overview of Residential Programs

## Residential Programs

- Home Energy Efficiency Rebates (HEER)
  - Equipment Rebates
  - Advanced Thermostat Rebates\*
- Home Energy Savings (HES)
  - Home energy installs/Self-Assessment Portal\*
  - Air Sealing and Insulation (ASI)\*\*
- Energy Education and Outreach
  - Energy-Saving Kits, Energy Education Kits\*
  - Home Energy Reports
- Multi-Family (MF)
  - Air Sealing and Insulation \*\*
  - Direct Installs\*
  - Central Plant Optimization
  - Custom Projects
- Smart Neighborhood Builder Program (SNB)

Program	2026 Budget (Millions)	2027-2029 Average Annual Budget (Millions)	Annual Net Therms (Millions)	Annual Net Lifecycle Therms (Millions)
HEER	\$4.1	\$11.8	4.3	74.6
HES	\$5.5	\$19.6	1.8	35.2
MF	\$2.4	\$6.4	0.9	13.4
Outreach	\$2.6	\$5.6	2.8	27.3
SNB	\$1.1	\$3.4	0.5	9.3
<b>Total</b>	<b>\$15.6</b>	<b>\$46.8</b>	<b>10.2</b>	<b>159.8</b>

*\*Joint program with ComEd, Ameren Illinois and/or Peoples Gas/North Shore Gas*

*\*\*Option for electric utility to purchase kWh or opportunity to partner with electric utility on joint offering*

## Key Highlights and Changes

- Managing programs budgets from 52% to 67% on Air Sealing Insulation, Distribution and Control Measures (ASIDC)
- Increased investment in ASI (\$5.35M to over \$15M total budget)
- Reintroducing in-person Home Energy Assessments

# Overview of Income-Eligible Programs

## Income-Eligible Programs

- Weatherization (IE Wx)
  - Illinois Home Weatherization Assistance Program\*, Retrofit\*, Healthy Homes, Community Comfort
- Home Energy Assessments (IE HEA)\*
- Public Housing Authority (IE PHA)\*
- Affordable Housing New Construction (IE AHNC)\*
- Energy-Saving Kits (IE ESK)\*

## Key Highlights and Changes

- Increased investment: from \$17.25M to \$47M
- Budget 15% of health and safety spending
- Minimum 80% to whole building
- Additional collaboration with Ameren Illinois (School Energy Education Kits)
- Multi-Family investment >30%

Program	2026 Budget (Millions)	2027-2029 Average Annual Budget (Millions)	Annual Net Therms (Millions)	Annual Net Lifecycle Therms (Millions)
IE Wx SF	\$7.9	\$22.9	0.5	11.8
IE Wx MF	\$5.2	\$16.0	1.5	19.6
IE HEA	\$0.9	\$2.3	0.1	2.5
IE PHA	\$0.8	\$1.5	0.2	0.9
IE AHNC	\$0.7	\$1.5	0.1	2.1
IE ESK	\$1.7	\$2.8	1.0	14.5
<b>Total</b>	<b>\$17.3</b>	<b>\$47.0</b>	<b>3.5</b>	<b>51.4</b>

\*Joint or coordinated program with ComEd, Ameren Illinois and/or Peoples Gas/North Shore Gas

# Overview of Business Programs

## Business Programs

- Business Energy Efficiency Rebates (BEER)
  - Commercial Food Service (CFS)\*
  - Business Optimization Program (BOP)
  - Building Operator Certification (BOC)\*
- Custom\*
- Commercial Industrial New Construction (CINC)\*
- Small Business (SB)
  - Mission-Based Community Outreach
- Strategic Energy Management (SEM)\*

## Key Highlights and Changes

- New public sector spend \$5.8M to \$10.1M (30% of the total business budget)
- Measures focus on air sealing and insulation distribution and controls: from 52% to 67%
- Previously exempt customers can opt out

Program	2026 Budget (Millions)	2027-2029 Average Annual Budget (Millions)	Annual Net Therms (Millions)	Annual Net Lifecycle Therms (Millions)
<b>BEER</b>	\$4.1	\$9.7	6.0	46.6
<b>Custom</b>	\$5.0	\$14.8	3.4	49.5
<b>CINC</b>	\$0.5	\$2.6	0.1	2.9
<b>SB</b>	\$2.1	\$4.4	2.0	14.4
<b>SEM</b>	\$1.2	\$2.1	1.5	10.5
<b>Total</b>	<b>\$13.0</b>	<b>\$33.7</b>	<b>13.0</b>	<b>123.8</b>

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

# Community Engagement

# Market Development Initiative (MDI)

## Partnerships + Mentorship = Expanded Workforce

- Expand our existing MDI program via partnerships
- Expand wraparound services including wage replacement, childcare stipends, gas cards, financial literacy/education/mental health resources
- Provide on-the-job training internships, apprenticeships, tool rentals
- Cover certification booklet and exam costs
- Launch administrative/back-office support specific cohort
- Increase diverse vendor certifications in the state for trade allies
- Increase BPI certified contractors in the energy efficiency field
- Integrate returning citizens when applicable
- Removing barriers to participation for contractors and those entering the energy efficiency workforce



# Education and Outreach



- Education, awareness and outreach are critical to our portfolio's overall performance
- In addition to building awareness via traditional marketing and communications outlets, our team places a strong focus on grassroots outreach efforts to educate customers, key stakeholders and trade allies
- In-person, one-on-one engagement has been key to increasing participation and helping our communities better understand their options for maximizing energy efficiency in their homes and businesses
- Our team ensures that through a variety of different channels, our customers understand that there are many accessible offerings for them at all economic levels
- With this proposed expanded plan, we will increase our outreach through strategic initiatives that allow us to elevate our engagement within the communities that are most in need of resources
- Income eligible and small business customers are our primary audiences, and we continue to focus on them to ensure that we build awareness about available free energy efficiency services

# Key Education and Outreach Initiatives



## Community Connection Center (C3)

- Established in 2022 – connects customers to essential resources
- Connects customers in need to services that provide energy efficiency services and beyond
- Concierge service determines customer needs and makes referrals to resources that also help with bill payments, food, clothing, rental/housing assistance and more
- Two methods for connecting with us:
  - C3 team members who can talk through available options either via phone or in-person at events
  - Online Community Assistance Navigator (CAN) – available 24/7/365 in English and Spanish—this is a self-service tool and interactions are anonymous; more enhancements are planned for the tool during the 2027-2029 cycle

# Outreach Impact



**40,898**

Customers  
Received Grants  
and Discounts



**\$26.5 M**

Grants and  
Discounts  
Received by  
C3 Participants



**29,888**

Energy  
Efficiency  
Program  
Participants



**957,921**

Therms Saved  
via Energy  
Efficiency  
Program  
Participation



**474,718**

Total Contacts  
from  
Community  
Outreach Efforts

*From April 2022 to December 31, 2025*

# Key Education and Outreach Initiatives

## Community Connection Resource Fairs

- Allow us to create an experience that blends energy efficiency education with basic needs support
- Collaboration with community resources including state agencies and hospital systems
- Opportunity to increase our level of engagement during the cycle

## Resource Presentations

- We average 200 events a year including the resource fairs
- From townhall presentations and senior expos to tabling events at hospitals and community centers, our team is able to right-size their messaging and approach for the audiences we serve

## Customer Mobile Unit

- We will be launching a new vehicle that will help us expand our presence to harder-to-reach communities
- A new mobile experience will provide us with the flexibility to create on-the-spot educational experiences for our customers statewide



# Incentive Mechanism

# Proposed Incentive Mechanism

## Nicor Gas Proposal:

- Create regulatory asset
  - Nicor Gas bondholder and shareholder investors fund initial portfolio costs
  - Investors get paid back over lives of installed measures
  - Accounting identical to Nicor Gas physical assets
- Key features
  - Amortization life of ~12 years
    - Tied to installed measures
    - Measured and adjusted as portfolio evolves
  - Cost of capital approved in most recent rate case
    - Capital structure
    - Debt interest
    - Authorized return on equity

## Benefits of Nicor Gas Proposal:

- Provides immediate, substantial Energy Efficiency Rider savings to customers—even from existing 2026 Rider
- Spreads out program costs to align with program benefits
- Mimics underlying business model used to fund physical natural gas infrastructure investments
- Our proposed performance incentive mechanism is similar—but not identical—to the incentive mechanisms approved and implemented by ComEd and Ameren today

# Regulatory Asset Structures in Other Jurisdictions

## Key drivers

- **Amortization term**

- Most jurisdictions use a round number
- New Jersey effectively sets term to 10 years
- ComEd/Ameren track individual equipment to dynamically adjust weighted average measure life (WAML) year to year

*Proposal: measured WAML*

- **Cost of Capital**

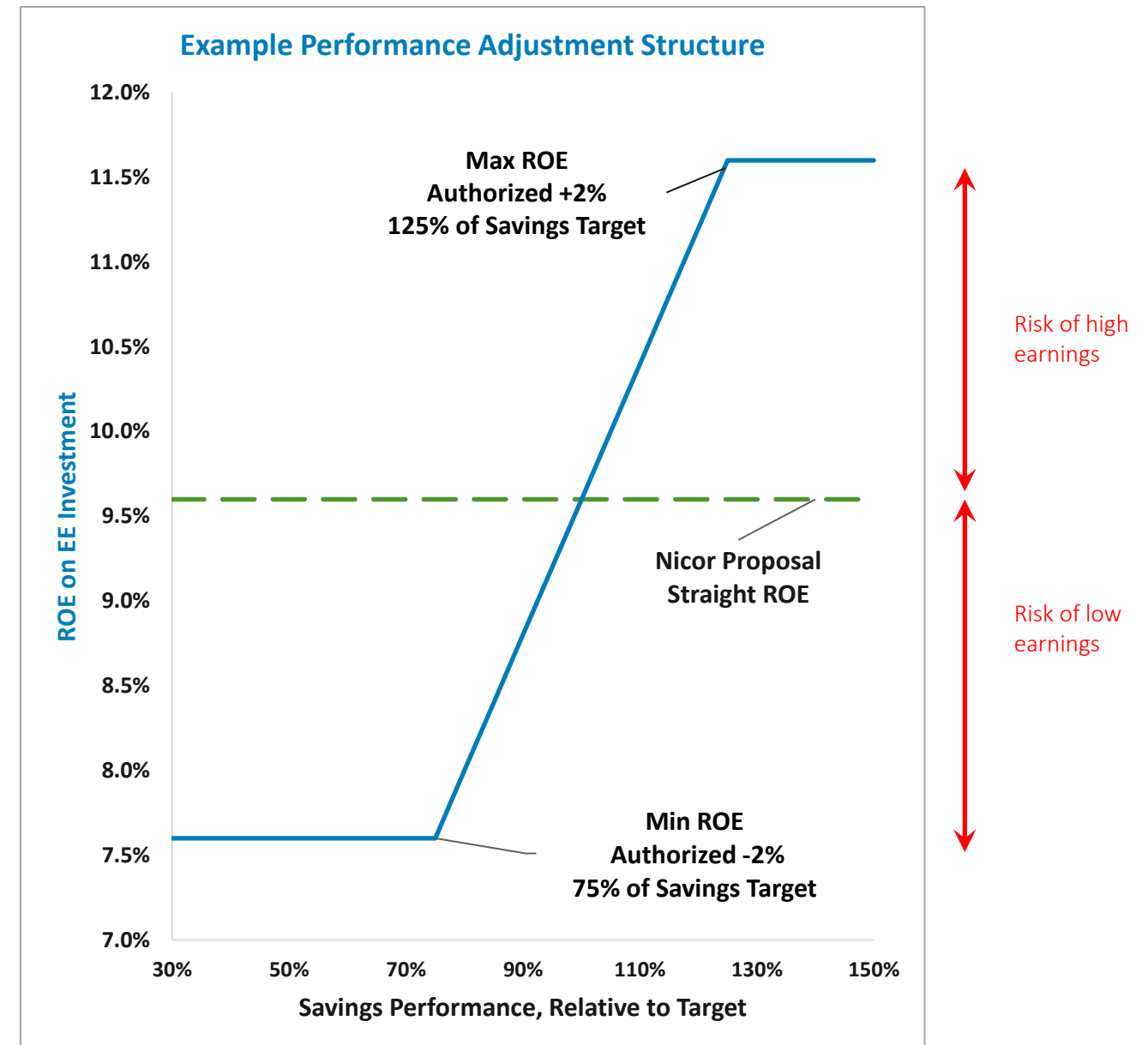
- Various jurisdictions use approved capital structure/returns
- Some jurisdictions apply performance adjustments to approved returns
- Performance adjustments make energy efficiency a riskier investment than traditional infrastructure, creating a **disincentive** for investing in energy efficiency

*Proposal: approved Weighted Average Cost of Capital (WACC)/Return on Equity (ROE) from previous rate case*

Jurisdiction	Coverage		Amortization Term	Cost of Capital
British Columbia	FortisBC	Gas & Electric	10 years	Approved WACC
Utah	Rocky Mountain Power	Electric	10 years	Approved WACC
New Jersey	All	Gas & Electric	Measured WAML, but $\leq 10$ years, and 5 years for IT	Performance-Adjusted WACC
Illinois	ComEd Ameren	Electric	Measured WAML	Performance-Adjusted WACC
Nicor Gas Proposal	Nicor Gas	Gas	Measured WAML	Approved WACC

# Performance Adjustments Makes EE Riskier Than Supply Investments

- With traditional investments, utilities earn their full, authorized fair rate of return on equity (ROE), as established in a rate request
- With an Energy Efficiency (EE) performance adjustment, on EE investments, utilities:
  - Earn less than their fair rate of return when savings are below target
  - Earn more than their fair rate of return when savings are above target
  - Face higher risk when they invest in EE
- This creates a *disincentive* for utilities to prioritize EE investments over traditional investments



# Regulatory Asset Preserves Customer Affordability

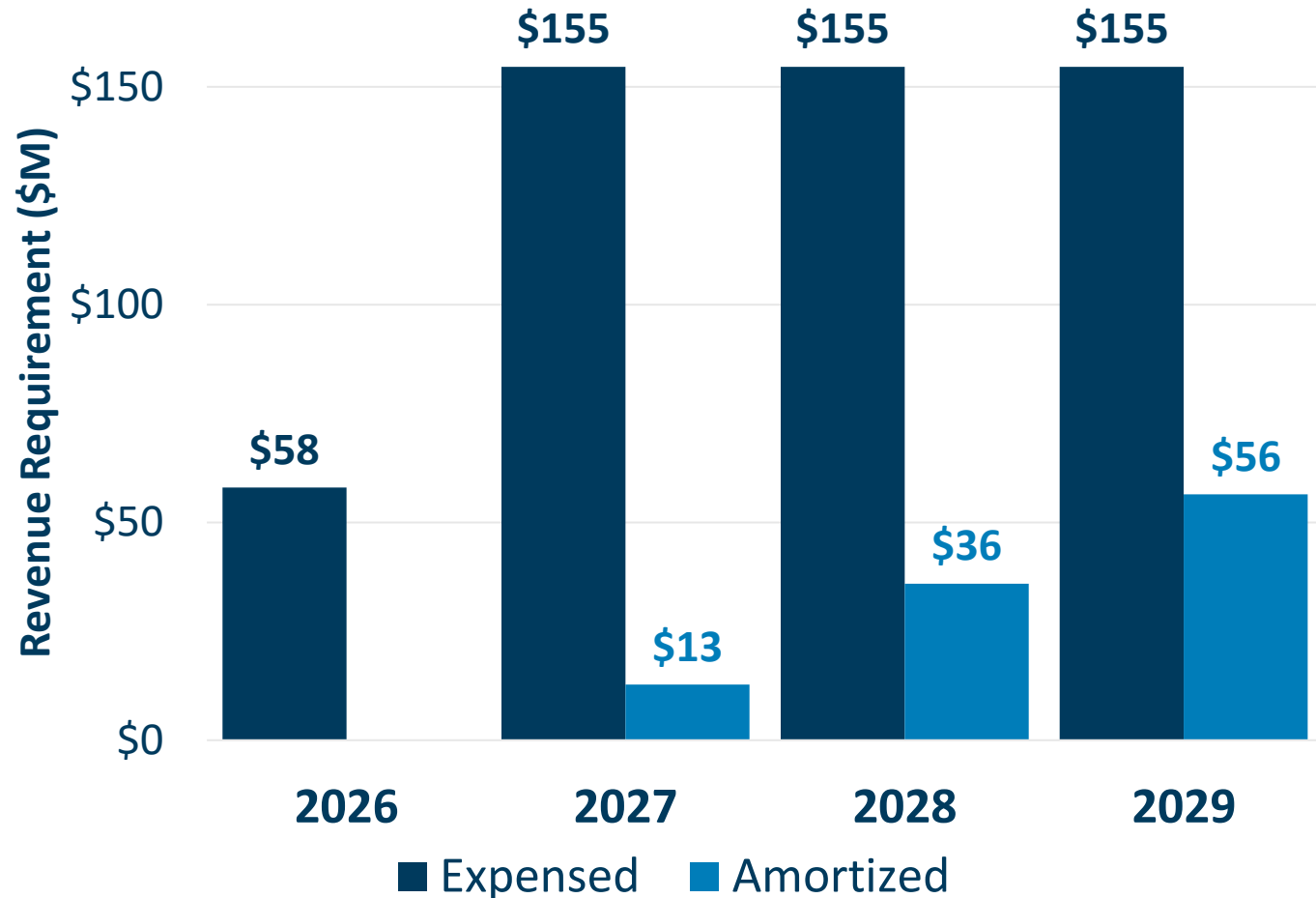
The regulatory asset substantially lowers rates to customers:

- ~\$100M to ~\$140M per year; ~\$360M over three-year period
- \$45M from current 2026 portfolio to 2027

In terms of customer bills, amortization lowers the residential rider:

- By almost \$40 per year in 2027 and \$27 per year by 2029
- By \$14 per year from our current 2026 portfolio to 2027
- And rider costs stay below current costs through 2027

**Rider Revenue Requirement**



**Residential Bill Impact (annual average)**

	2026	2027	2028	2029
2% Portfolio: Expensed	\$18	\$18	\$18	\$18
5% Portfolio: Expensed		\$43	\$43	\$43
5% Portfolio: Amortized		\$4	\$10	\$16

# Conclusion



Thank you!



Energy  
Efficiency  
Program