

**Nicor Gas Company**  
**Energy Efficiency Program – Plan Year 6**  
**Quarterly Report: Fourth Quarter**  
**(June 1, 2016 to May 31, 2017)**

**I. Introduction**

Nicor Gas is filing this quarterly report as required by its Rider 30 – Energy Efficiency Plan Cost Recovery and in compliance with the Illinois Commerce Commission’s (“Commission”) directives in Docket No. 13-0549 concerning the content of such report. On May 30, 2014 Nicor Gas made the required compliance filing of its three-year Energy Efficiency Plan (“EEP”). This report first discusses EEP energy therm savings and program expenses for Plan Year 6 (“PY6”), June 1, 2016 through May 31, 2017, as of the end of the reporting quarter period. Secondly, the report discusses activity highlights for the quarter. Lastly, the Commission’s enumerated directives are discussed as appropriate.

**II. Energy Therm Savings and Expenses**

Attached hereto and made a part of this report is Appendix A which shows in tabular format energy therm savings and expenses for each residential and business energy efficiency program for the period June 1, 2016 through May 31, 2017. As shown, Nicor Gas’ programs have accumulated net savings of 11.6 million net therms in PY6, or almost one hundred thirty-six percent of its planned energy savings of 8,538,383 therms for PY6 as stated in its EEP. As of the end of the reporting quarter, Nicor Gas had achieved these therm savings with spending of \$27.1 million, or eighty-nine percent of the PY6 budget of \$30.3 million (excludes Department Commerce Economic Opportunity (“The Department”) spending).

**III. Quarter Highlights**

**Residential Programs:**

Home Energy Efficiency Rebates (HEER):

The HEER offering continues to see strong participation with 95% AFUE furnaces and programmable thermostats. A new Smart Thermostat measure is being offered this year, with a higher rebate level than the programmable thermostat measure under

which they previously qualified. We continue to see stronger participation in this measure than planned.

Additionally, under the HEER program, Nicor Gas continues to promote the distribution of energy savings kits (ESKs) via the nicorgasrebates.com website and in-person at energySMART events. In the fourth quarter, Nicor Gas distributed 2,214 ESKs, for an overall total of 9,630 ESKs distributed, resulting in 143,671 net therms saved overall, while achieving 37% of its PY6 net therm savings goal. The program has exceeded its 3-year goal of 60,000 total ESKs distributed (62,300 as of 5/31) and is nearing a total of 173,000 kits distributed overall since the program's inception in 2013.

#### Home Energy Savings (HES):

The HES program has leveled to the anticipated participation of home assessments in the fourth quarter of PY6.

The prescriptive air sealing/insulation portion of the program is tracking to its forecast within PY6 and has experienced strong participation throughout the heating months.

In September we introduced a Low to Moderate Income Weatherization offering to our customers. This offering mirrors the income requirements of the Nicor Gas Sharing Program (150-300% of poverty level income) and all customers are income qualified by the Salvation Army, which is the administrator of the Sharing Program. Since the launch of this program we have expanded our presence in our territory by teaming up with Rebuilding Together, a not-for-profit that works with income qualified residences that have major to minor home repair needs that would prevent these customers from receiving weatherization work. Once the home repairs are completed by Rebuilding Together we can perform a home assessment and, if the home qualifies, weatherization work will be completed. The same approach is being used with United Way of Rockford. No customer will be turned away based on their income level unless it is higher than 300% of poverty, in which case they are directed to the standard HES offering. Our Marketing and Outreach staff contacts the qualifying customers, explains the offering and transfers the customer to the participating contractor. The customer receives a Building Performance Institute approved assessment of their home along with gas-saving direct install measures (showerheads, aerators, programmable thermostat and pipe insulation). If the home qualifies, the contractor will secure a second appointment to perform air sealing and insulation. There is no out of pocket expense for the income qualified customer. We have experienced a slow start, however we have addressed some issues of awareness to the program and have experienced a slight increase in customers interested in receiving assessments, air sealing and insulation toward the end of the third quarter.

Enhanced Home Energy Savings Assessment is a Nicor Gas offering that consists of a Building Performance Institute assessment of the home and a report that provides customers a more detailed analysis of energy saving improvements for their home.

The Energy Advisor (EA) provides detailed information concerning the home's air sealing and insulation opportunities as well as the opportunity for high efficiency mechanical improvements. The EA utilizes the concierge approach to help the customer address their home's energy efficiency improvements and to encourage the whole home approach for these energy efficiency improvements.

#### Multi-family Comprehensive Energy Efficiency Program:

The Multi-family Comprehensive Energy Efficiency Program continued developing steady participation in assessments and direct installs throughout the fourth quarter of PY6. This program continues to have a strong pipeline within the assessment and direct install portion of this program. The prescriptive portion is tracking to our forecast. We continue to see strong trade ally participation and are confident that this program will achieve its therm saving goal.

#### Residential New Construction (RNC):

For the fourth quarter, RNC certified 187 homes (840 total, or 84% of goal), while achieving a net savings of 40,725 therms, or 186,905 net therms saved overall, which is 56.3% of the overall PY6 goal that includes Code Compliance. The average PY6 savings per home is 342.3 gross therms (222.5 net therms).

The overall savings for this program would have been higher were it not for the delay in launching the statewide Residential Code Compliance offering, which is now underway. While no therm savings will be garnered for this offering in PY6, the information gathered through market research being conducted by Leidos (the program implementer), will establish the framework for the direction of the program going forward.

Outreach efforts for RNC included hosting a Southwest Suburban Homebuilders Association meeting on May 4 that included a 2-hour "Selling High Performance Homes" training session. Approximately 30 builders, raters and developers attended the session, and participant surveys for the event were very positive. Included in the attendance were personnel from non-participant homebuilders whom (program implementer) Residential Science Resources has been communicating with and working to recruit. One of these builders currently works with one of our participating HERS raters but typically does not qualify for RNC incentives. However, they recently submitted a project rated at 20.67% better than code, narrowly exceeding the minimum requirement of 20.0%. On May 5, the RNC program hosted a "Selling High Performance Homes" training session for a current RNC participant at their corporate office in Schaumburg. The training was attended by 16 sales and marketing staff and post-training surveys showed very positive feedback.

On May 8, local HERS Rating organization Eco Achievers enrolled their first RNC project for DJK Custom Homes. Eco Achievers successfully submitted their first completed house on June 9.

Total spending through Q4 is \$695,150 which is 56.3% of the overall budget target, and includes the Code Compliance offering.

Elementary Energy Education:

In the fourth quarter, survey return activities and therm-savings calculations took place for the Elementary Energy Education (“Super Savers”) program.

The program was fully enrolled, with 8,750 students participating in the joint program and 850 students participating in the Nicor Gas-only program, for a total of 9,600 participants. This has resulted in a savings of 112,320 net therms. As of 5/25/17, 4,885 participant surveys have been returned, which is 51% of the total surveys distributed.

Total spending through Q4 is \$332,079 which is 146.9% of the overall PY6 budget target. Additional budget was allocated for this program to meet customer experience expectations.

Behavioral Energy Savings:

In the fourth quarter, program implementer, CLEAResult, presented a report of their findings for the Cold Water Wash Laundry Study. In summary, as was theorized, therm savings were minimal; however, the pilot was successful in reducing overall hot water usage by 9%, while increasing cold water usage by 7%. Final therm savings will be reported in the next quarter.

Due to cost-effectiveness and persistence concerns, it is not recommended that this pilot continue as a larger-scale program. A “Home Energy Report”-style of behavior program is being explored for PY7-PY10.

Total spending through the fourth quarter is \$325,984 which is 182.6% of the overall PY6 budget target. However, the program is still on target to be approximately \$45,000 under budget overall for PY4-PY6.

**Business Programs:**

Business Energy Efficiency Rebates (BEER):

The PY6 BEER offerings are essentially the same as those in PY5 with the exception that all measure rebates are offered at the same amount to eliminate customer confusion. In order to boost customer participation, bonuses were established for furnaces, infrared heaters, condensing and non-condensing boilers, direct fired space heaters, dry cleaner steam traps, and select commercial food service measures, effective August 1, 2016 continuing until February 28, 2017.

The BEER offering typically sees low therm production in the first and second quarters, but makes up the therms and finishes strong in the final quarters. The BEER

offering is forecasted to exceed the therm and financial goals for PY6 and exceed the three-year cycle therm goal.

#### Business Custom:

Nicor Gas continues to work its offering pipeline of business custom projects after a busy end to PY5. Nicor Gas was slightly short of its PY5 goal for Business Custom, as not all projects were installed and operational by the May 31<sup>st</sup> deadline. Those projects have been carried-over into PY6, similar to results seen in prior years as projects under this offering tend to be longer-term in nature and require customer commitment for start-up and completion.

The Custom offering is forecasted to meet the PY6 therm and financial goals and meet the three-year cycle therm goal while being slightly under budget.

The Strategic Energy Management program provides participants with both low cost/no cost and incentivized savings. The Industrial SEM Continuation program, which ended December 31, 2016, claimed 1,030,053 therms. The second cohort, which ended April 30, and consisted of a mixture of health care facilities, universities, and manufacturers saw significant savings, as well. The results are currently being finalized and will be reported in July. Many participants of both groups are interested in continuing in a practitioner cohort of strategic energy management.

#### Small Business Energy Efficiency:

During PY6, activities have focused on meeting our small customers' needs. In anticipation of the future realignment of programs and tracks in PY7, prescriptive measures have the same rebate amounts for all business offerings. To eliminate customer confusion and processing, all business prescriptive rebates are offered in the BEER offering which streamlines the customer experience.

The Small Business offering is forecasted to be below the PY6 therm and financial goals, however, it will exceed the three-year cycle therm goal.

#### Business New Construction (BNC):

For the fourth quarter, a reduction of 11,544 net therms had to be made to the PY6 total, resulting in a net savings of 118,507 net therms saved overall, which is 30.2% of the overall PY6 goal that includes Code Compliance. The reason for the adjustment was due to the removal of projects identified as non-qualifiers.

As of June 1, The BNC PY6 pipeline of projects currently stands at a combined therm-savings potential of an additional 133,648 net therms through Dec. 31.

In the fourth quarter, the program accepted 17 new projects into the program in the Nicor Gas service territory. Together these projects total 3,774,592 sq. ft. and a savings of 55,406 gross therms for PY7-10.

The overall savings for this program would have been higher were it not for the delay in launching the statewide Business Code Compliance offering, which is now underway. While no therm savings will be garnered for this offering in PY6, the information gathered through market research being conducted by Leidos (the program implementer), will establish the framework for the direction of the program going forward.

Total spending was \$378,845 which is 38.4% of the overall budget target, and includes the Code Compliance offering.

### **Emerging Technology:**

Recruitment of participants for a smart thermostat pilot with ComEd has begun. This pilot will utilize energy networks to capture smart thermostat data and will end after the 2018 heating season. Further, four other product tests and evaluations continued in the fourth quarter.

## **IV. Program Operations**

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

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

- B. Program Activities: Nicor Gas shall summarize the following:

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

Actions:

1. Please see the above section on the fourth quarter's highlights.
2. Please see the above section on the fourth quarter's highlights.
3. Please see Appendix B for a discussion and list of new measures added to Nicor Gas' programs.
4. Spending and savings by program are shown in Appendix A.
5. Please see Appendix C for actions taken in response to evaluators' recommendations.

C. New Energy Efficiency Measures: Cost-effectiveness screening results for new measures.

Actions: Actions taken in PY6 in response to past evaluators' recommendations are shown in Appendix C.

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

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