

Illinois EE Stakeholder Advisory Group (SAG) Large Group Meeting

Tuesday, March 24
1:30 – 4:00pm
Teleconference

Attendees and Meeting Notes

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Meeting Materials

Meeting materials are posted on the [March 24 meeting page](#) of the SAG website:

- [March 24, 2026 Large Group SAG Agenda](#)
- [SAG Facilitator Introduction to March 24 Meeting](#)
- [Nicor Gas Presentation: 2027-2029 Revised EE Plan](#)
- ICC Staff and ICC Office of General Counsel Feedback to Peoples Gas and North Shore Gas (no presentation)
- [Illinois Office of the Attorney General Feedback to Peoples Gas and North Shore Gas](#)
- [National Consumer Law Center \(NCLC\) Feedback to Peoples Gas and North Shore Gas](#)
- [Natural Resources Defense Council \(NRDC\) Feedback to Peoples Gas and North Shore Gas](#)
- [Next Steps](#)

Attendees

Name	Company or Organization
Celia Johnson	Facilitator (Celia Johnson Consulting)
Zoe Knaus	SAG Facilitation Support (Inova Energy Group)
Abigail Miner	Illinois Office of the Attorney General
Adam Roche	Cascade Energy
Amy Jewel	Elevate
Andrey Gribovich	DNV
Anthony Albano	Resource Innovations
Ashley Bukowski	ICC Office of General Counsel
Ashley Palladino	Inova Energy Group
Brad Fortson	ICF
Brady Nemeth	Resource Innovations

Name	Company or Organization
Brian Sture	CLEAResult
Bruce Liu	Nicor Gas
Carmine Tucci	Nicor Gas
Cassandra Anslow	Franklin Energy
Channel Turbides	ComEd
Charles Ampong	Guidehouse
Chris Neme	Energy Futures Group, representing NRDC
Chris Vaughn	Nicor Gas
Christina Frank	Peoples Gas and North Shore Gas
Chyanne Husar	Husarch
Danish Murtaza	Peoples Gas and North Shore Gas
Darleen DeRosa	Bidgely
David Salmonson	CLEAResult
Deb Dynako	Energy Infrastructure Partners
Denise Munoz	DMT Consulting
Dr. Crystal Davis	Walker-Miller Energy Services
Dylan Royalty	ScottMadden
Elder Calderon	ComEd
Elizabet Kennedy	Nicor Gas
Elizabeth Horne	ICC Staff
Emily Pauli	ComEd
Erin Kempster	Power TakeOff
Fernando Morales	Ameren Illinois
Fletcher Kirke	Peoples Gas and North Shore Gas
Hannah Howard	Opinion Dynamics
Ian VanArsdall	Nicor Gas
Jaleesa Scott	ComEd
Jarred Nordhus	Peoples Gas and North Shore Gas
Jasmina Prses	Resource Innovations
Jean Gibson	Peoples Gas and North Shore Gas
Jill Rolstone	Franklin Energy
Jim Heffron	Walker-Miller Energy Services
Joe Mays	Cascade Energy
John Lavallee	Ameren Illinois
Jon Sheridan	No Organization Identified
Jonathan Kleinman	47 N Energy
Jonathan Skarzynski	Nicor Gas
Joshua Asiyambi	Nicor Gas
Joshua Ramos	Nicor Gas
Julie Elzanati	Celia Johnson Consulting
Karen Lusson	National Consumer Law Center
Kari McCue	Nicor Gas

Name	Company or Organization
Kate Agasie	Cook County DES
Kate Battle	Walker-Miller Energy Services
Katy Koon	ICF
Keely Hughes	The JPI Group
Kegan Daugherty	Resource Innovations
Kelly Lena	Nicor Gas
Kevin Grabner	Skytop Consulting
Kim Swan	ComEd
Kit White	Midwest Energy Efficiency Alliance (MEEA)
Kristen Kalaman	Resource Innovations
LaJuana Garret	Nicor Gas
Laura Agapay-Read	Guidehouse
Laura Hoffman	Resource Innovations
Lilieric FlorezMonroy	Peoples Gas and North Shore Gas
Mark Handy	C+C
Mark Szczygiel	Nicor Gas
Matt Clark	CLEAResult
Mia Berrios	People for Community Recovery
Mike King	Nicor Gas
Monique Leonard	Ameren Illinois
Nate Baer	i3 Energy
Nayan Patel	Nicor Gas
Nick Burstein	CMC Energy
Nick Warnecke	Ameren Illinois
Nicole Karpavich	Resource Innovations
Nicole Popejoy	IL Association of Community Action Agencies
Nikki Pacific	Ameren Illinois
Nikki Pacific	Ameren Illinois
Olivia Tegge	Resource Innovations
Omayra Garcia	Peoples Gas and North Shore Gas
Pastor Vance	Elevate
Pete Kane	Resource Innovations
Randy Opdyke	Nicor Gas
Rashaan Keeton	Center for Energy & Environment
Rose Williamson	Opinion Dynamics
Sabarish Vinod	Lincus
Salina Colon	CEDA
Sarah Amspacher	Resource Innovations
Scott Mallory	Brubaker & Associates, representing Illinois Industrial Energy Consumers (IIEC)
Shawn Haas	Peoples Gas and North Shore Gas
Shelby Smith	Illinois Office of the Attorney General

Name	Company or Organization
Shivana Shrestha	Walker-Miller Energy Services
Ted Weaver	Dunsky Advisors, representing Nicor Gas
Thomas Manjarres	Peoples Gas and North Shore Gas
Tina Grebner	Ameren Illinois
Travis Hinck	GDS Associates
Vicki Fanibi	C+C
Wade Morehead	Morehead Energy, representing Ameren Illinois
Zach Ross	Opinion Dynamics
Zachary Froio	ICF

Meeting Notes

See **red text** for follow-up items.

Introduction to March 24 Meeting

Celia Johnson, SAG Facilitator

Purpose of March 24 Meeting:

1. For Nicor Gas to present the revised draft 2027-2029 EE Plan
 - Nicor Gas is presenting an updated draft EE Plan to SAG due to the new Clean and Reliable Grid Affordability (CRGA) Act
 - SAG participants had an opportunity to submit questions for Nicor Gas to consider – due February 24
 - Submitted questions are posted on the March 24 meeting page:
 - Questions Submitted to Inform the Nicor Gas Draft EE Plan Presentation to SAG
 - Nicor Gas will not respond in writing; questions are intended to inform the presentation
2. For interested SAG participants to present feedback on the draft Peoples Gas and North Shore Gas 2027-2029 revised draft EE Plan presented to SAG on March 17
 - Peoples Gas and North Shore Gas presented an updated draft EE Plan to SAG due to the new Clean and Reliable Grid Affordability (CRGA) Act
 - All SAG participants had an opportunity to request time on the agenda to present feedback
 - The following SAG participants are presenting initial feedback:
 - ICC Staff and the ICC Office of General Counsel
 - Illinois Office of the Attorney General
 - National Consumer Law Center (NCLC)
 - Natural Resources Defense Council (NRDC)

Next Steps for Nicor Gas EE Plan:

- Opportunity for SAG Participants to Present Feedback to Nicor Gas
 - Large Group SAG meeting on Tuesday, March 31 (10:30 am – 12:00 pm)
 - Notify the SAG Facilitator (Celia@CeliaJohnsonConsulting.com) **by Friday, March 27** if you plan to present feedback to Nicor Gas during the March 31 SAG meeting

Nicor Gas EE Plan Negotiations:

- Participating in EE Plan Negotiations with Nicor Gas

- Before Nicor Gas files the updated 2027-2029 EE Plan with the ICC for approval, there will be negotiations with non-financially interested stakeholders
 - The goal is to reach consensus before the updated EE Plan is filed with the ICC
 - If consensus is reached, it will be documented in a stipulated agreement
- If you are a non-financially interested stakeholder interested in participating in confidential EE Plan negotiations with Nicor Gas, please email the SAG Facilitator (Celia@CeliaJohnsonConsulting.com) **by Friday, March 27**
 - Please review the SAG Financial Conflict of Interest Policy, excerpted from the SAG Process Guidance document, for the definition of “financially interested party”: SAG Financial Conflict of Interest Policy – 2024 Update (clean final)
 - Nicor Gas legal will review negotiation participation requests
 - Negotiations with Nicor Gas begin in April, and require signing a Non-Disclosure Agreement (NDA)

Nicor Gas Presentation: 2027-2029 Revised EE Plan

Nicor Gas Presenters: Mike King, Kari McCue, Randy Opdyke, Jonathan Skarzynski, Barb Ramos, Allison Gregoire and Chanda Rowan

Presentation Agenda (Slide 2)

- 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 (Slide 3)

- Nicor Gas shared gardening safety tips.

Introductions to Nicor Gas Team (Slide 4)

Portfolio Impact to Date (Slide 5)

- 3.2 billion pounds of CO2 emissions avoided
- \$2.7 billion in economic activity generated
- \$171 million spent with diverse suppliers
- 1.47 million customers have participated
- \$304 million in incentives
- 274 million therms saved
- 3.4 billion lifecycle therms saved
- Equivalent to:
 - 339.00 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 (Slide 7)

- 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
 - >80% of spending on whole-building programs
 - <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
 - >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 (Slide 9)

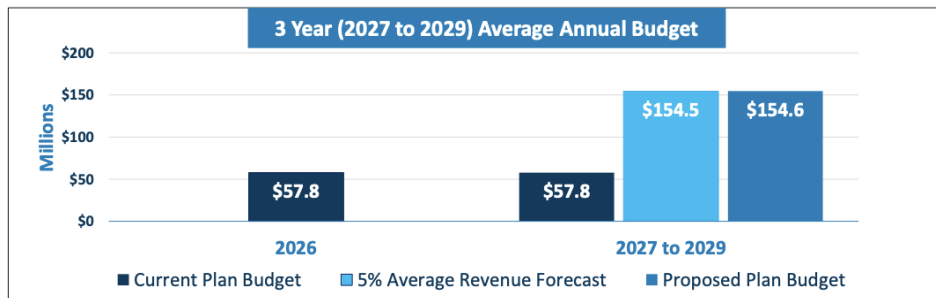
- Affordability, budget, cost-effectiveness, savings, equity, innovation, market consistency, and economic development to customers.

Program Guide (Slide 10)

- 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-Savings 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)*

Budget Increase from Existing Portfolio (Slide 11)



- 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 (Slide 12)

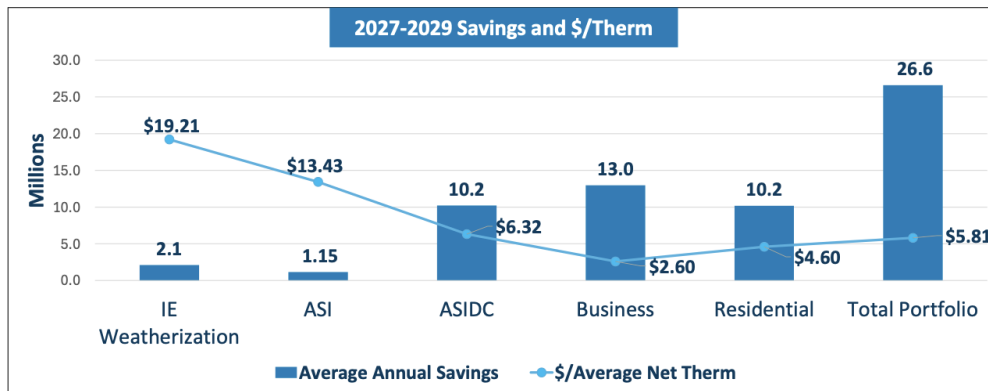
- 2027 to 2029 average incremental annual savings target components
 - Nicor Gas is proposing an average annual spending of \$47.0 million in income eligible programs (30.4% of the total portfolio \$154.6M average annual budget)
 - Households with incomes at or below 80% of area median income
- 0.646% 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 X therms subtracting opt-out sales X therms total eligible opt-out sales are 808,331,774 therms
- 26,44,653 Net Therms
 - 2027 to 2029 average incremental annual savings target

Abigail Miner (via chat): On slide 11, please confirm that \$57.8m = 2027, \$154.5 = 2028, and \$154.6 = 2029?

- Chris Vaughn (via chat): The \$57.8 is for our current 2026 program year. We are proposing an average of \$154.6M/year for 2027, 2028, and 2029.

Balancing Large Commitments to IE Customers and Air Sealing & Insulation (Slide 13)



- 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 (Slide 14)

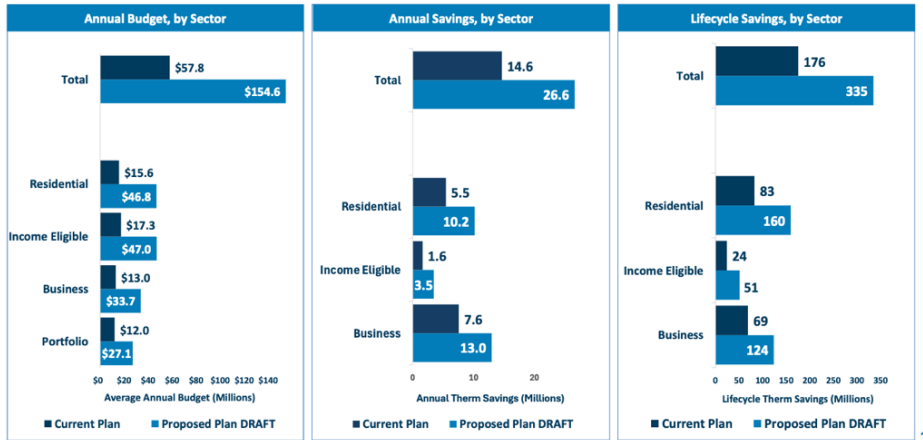
- 880,000 unique customers served
- \$256 million in incentives
- 5.3 million metric tons of CO2 emissions
- 79.8 million net therms savings
- 1.0 billion new lifecycle therms
- 4,660 jobs supported
- \$616 million in wages supported
- \$1.0 billion in economic output
- Air sealing and insulating over 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

Abigail Miner (via chat): Are 880,000 unique customers served yearly, or total?

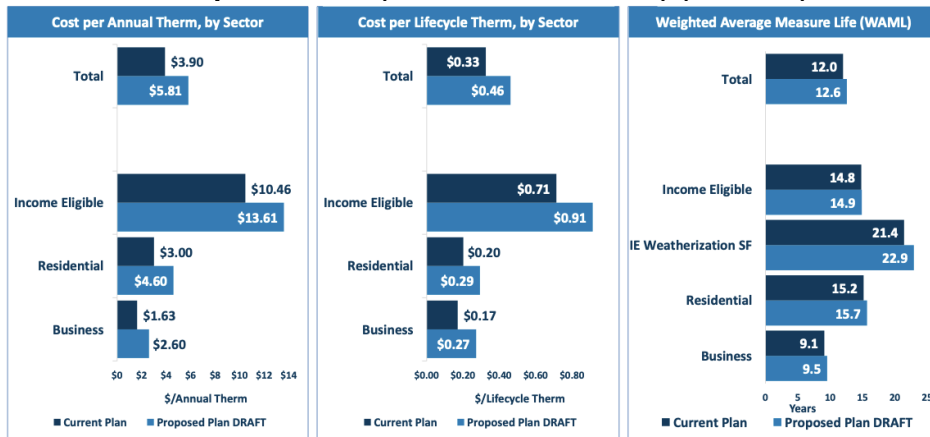
- Mike King: In total.

Sector and Program Overviews

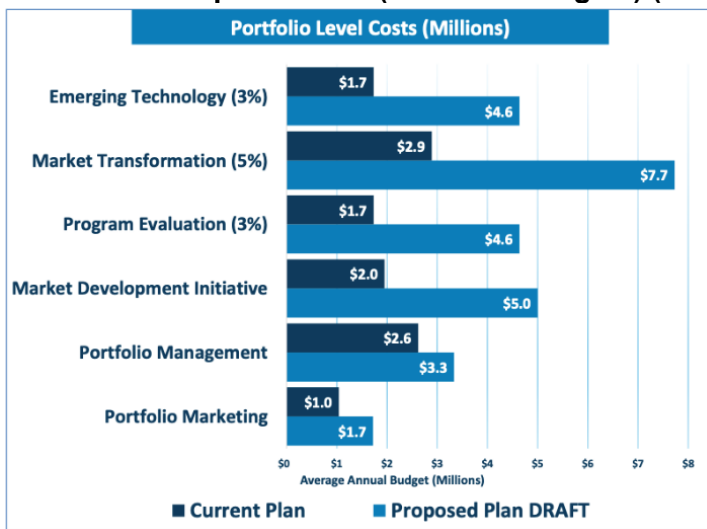
Current vs. Proposed Plan (Budget & Savings) (Slide 16)



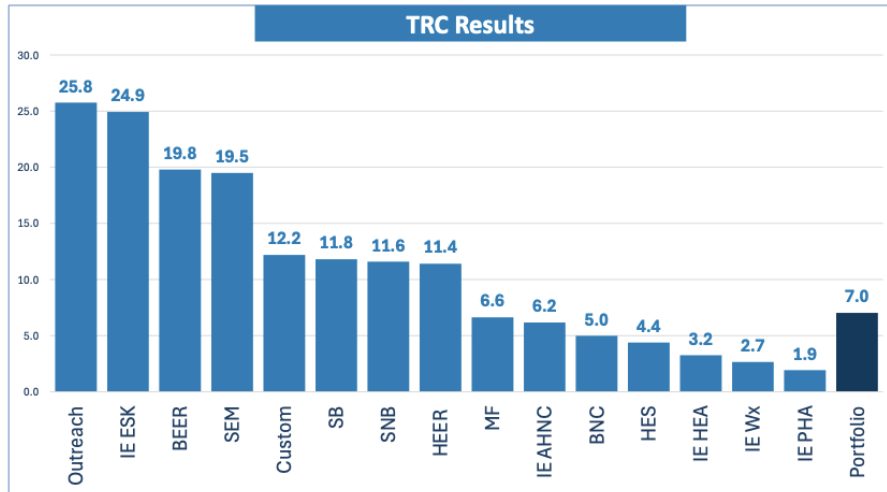
Current vs. Proposed Plan (\$/Therm and WAML) (Slide 17)



Current vs. Proposed Plan (Portfolio Budgets) (Slide 18)



Cost Effectiveness by Program (Slide 19)



- 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 (Slide 20)

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
Total	\$15.6	\$46.8	10.2	159.8

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)

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 \$15 M total budget)
- Reintroducing in-person Home Energy Assessments

Karen Lusson (via chat): Does this slide show market rate only or does it include IQ?

- *Jonathan Skarzynski (via chat): This is market rate only. Our next slide covers IE.*

Overview of Income-Eligible Programs (Slide 21)

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
Total	\$17.3	\$47.0	3.5	51.4

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%

Karen Lusson: What is the breakdown by program for the IE weatherization budgets on slide 21?

- *Jonathan Skarzynski: We can get back to you on that with more detail.*

Karen Lusson: You mentioned specific protocols for a program, such as focusing on housing built before 1980. What are those protocols?

- *Kari McCue: Those are for the TST and community comfort programs. It is our analytical approach used to target homes with the greatest need. One criterion was homes within pre-1980 stock, but we also look at DAC, environmental justice communities, census tracts, and usage data for high-consumption areas.*
- *Mike King: This is unique to our test approach; we will not be applying it with any other program in IE.*
- *Karen Lusson: This is just for community comfort?*
- *Kari McCue: Yes.*

Chris Neme: Concerning the minimum 80% to whole building, which program is considered whole building?

- *Mike King: All but PHA and ESK.*
- *Chris Neme: You have 41.9 million on whole building?*
- *Mike King: Yes.*

Karen Lusson: Since HEA covers direct install, which program includes the joint weatherization with ComEd? The utility-only, not braided program. Is that Retrofit?

- *Mike King: Yes.*
- *Karen Lusson: Understanding these breakdowns will be helpful.*

Karen Lusson: When you provide additional resources for customers that call in, which of these programs does that come out of?

- *Mike King: There is a separate budget associated with that outreach.*
- *Karen Lusson: Not in EE?*
- *Mike King: It is a separate outreach budget.*

Overview of Business Programs (Slide 22)

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

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

Community Engagement

Market Development Initiative (MDI) (Slide 24)

- 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 (Slide 25)

- 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 (Slide 26)

- 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
- 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

Outreach Impact (Slide 27)

- 40,898 Customers Received Grants and Discounts
- \$26.5M 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

Key Education and Outreach Initiatives (Slide 28)

- 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 (Slide 30)

- 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

Chris Neme: You get to earn return on equity on spending for the rewards mechanism. Is there no penalty or consequence for exceeding savings goals?

- *Mike King: It is an incentive mechanism, which other utilities have. There is a reward for higher savings and penalty for lower savings. Within CRGA, we can elect for an incentive mechanism with a penalty associated with the EE portfolio.*
- *Chris Neme: What kind of penalty?*
- *Mike King: A monetary penalty for not hitting our goals.*
- *Chris Neme: I don't recall that, but we can take it offline. Does that penalty apply if you don't hit any of the program requirements?*
- *Mike King: We will look at what is included in CRGA, and this will be part of negotiations. CRGA's wording relates to the savings aspect.*

Karen Lusson (via chat): A return on a regulatory asset, which is the annual EE budget, is like infrastructure investments, correct?

- *Mike King: Correct, over weighted average measure life of the portfolio.*
- *Karen Lusson: That is the result of expensing annual budgets versus spreading the full budget over 12 years?*
- *Mike King: Yes, and the shareholders will put up the money, not the ratepayers. There are immediate savings.*

Abigail Miner (via chat): What is the source of the rate of return?

- *Mike King: The recent rate request approved by the ICC.*

Chris Neme: From slide 33, can you show us what the numbers look like if extended to 2040? Over the full life of the amortization.

- *Mike King: Yes, in negotiations. There are 360 million dollars of savings in those years.*
- *Chris Neme: Sure, but the stakeholders are paying in the later years.*
- *Mike King: Understood, we looked at other mechanisms. This type of investment ensures that we deliver the most affordable rates.*
- *Chris Neme: Let's come back to this in negotiations.*

Chris Neme: You noted program budgets in market rate residential would be managed to 67% spent on heat load reducing measures, up from 50% in the approved plan. Will the batch files identify which of the measures qualify for these numbers? Can you speak to how you anticipate managing those targets?

- *Mike King: Yes, the batch files will show assumptions associated. We have mechanisms tracking measures receiving incentives and check-ins along the way.*
- *Chris Neme: On slide 17, is that the combined measure life?*
- *Mike King: Correct. Combination of all the measures.*
- *Chris Neme: Income eligible single-family is half of spending, does that mean your average measure life is 8 years?*
- *Mike King: No, it is just an average. We can share the numbers in negotiations.*
- *Chris Neme: I am concerned that if there is a large difference in the low-income portfolio, it must be a much smaller number. We can discuss.*
- *Ted Weaver: The measure life is not weighted by the spend, it's weighted by the amount of energy.*

Chris Neme (via chat): For future discussions, it would be helpful if Nicor Gas could provide breakdowns of what the significantly increased MT budget would be spent on, as well as whether the Company intends to claim savings from MT. Similar question/request for R&D.

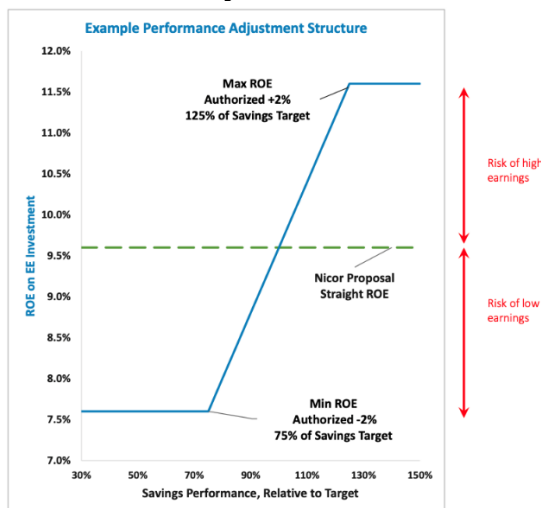
Regulatory Asset Structures in Other Jurisdictions (Slide 31)

- Key drivers: Amortization Term and Cost of Capital
 - 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
 - **Nicor Gas 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
- **Nicor Gas 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 ≤ 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

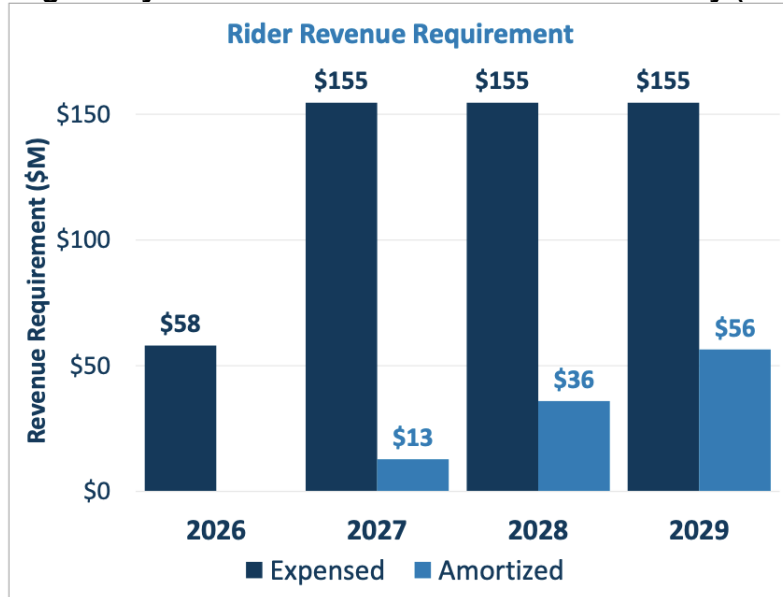
Performance Adjustments Makes EE Riskier Than Supply Investment (Slide 32)



- 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 Asses Preserves Customer Affordability (Slide 33)



- 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

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

- 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

ICC Staff and ICC Office of General Counsel Feedback to Peoples Gas and North Shore Gas

Ashley Bukowski, ICC Staff

1. For the added Clean and Reliable Grid Act or ("CRGA") spending, what is the expected cost per additional therm saved? 8-104(e-20)

Please provide this:

- for the revised portfolio overall, and
- by major sector if available, such as residential, income-qualified, business, and public sector.

2. How much of the added CRGA spending is expected to produce savings beyond what would have been achieved under the previously approved plan?

Please explain, in plain language, what savings are truly incremental because of the CRGA revision.

3. How will Peoples Gas/North Shore meet the separate requirement that at least 10% of the entire portfolio (of EE measures) be procured from local governments, municipal corporations, school districts, and community college districts? 8-103(e)

4. How many customers, buildings, or units do you expect to serve under the revised plan?

Illinois Office of the Attorney General Feedback to Peoples Gas and North Shore Gas

Abigail Miner, Office of the Illinois Attorney General

AG Priorities for PGL/NS's 2027-29 EE Plans

1. Do not increase portfolio-level budget or individual components of portfolio-level budget (EM&V, administration, MDI) beyond what the company originally budgeted for 2026-29.
2. Focus on measures with greatest customer bill impacts. Exclusively allocate additional budget to incentive spending (customer-facing programs), prioritizing programs and specific measures with greatest customer bill impacts.
3. Include total number of participating customers, including the deduplicated number of unique participants and estimates of number of participants in programs with unknown customers, in quarterly spreadsheets and annual reports.

AG Priority for 2027-29 Negotiations with PGL/NS

- Parties agree that negotiations are exclusively to make conforming changes with CRGA and not to re-negotiate elements of initial 2026-29 Plan unaffected by CRGA.

More information needed, specifically:

- All information presented in comparison to approved 2026-29 Plan
 - Redline copies of 2026-29 stipulation and plan preferred. March 17 presentation already included some comparisons. Thank you, this is helpful.
- Explanation and calculation of anticipated savings
 - Confirm income-eligible (IE) commitment does not affect savings goals.
- More program detail
 - Provide program descriptions.
 - Identify new programs.
 - Kit questions: What are the component measures? Budgets? Epic Savers pilot details?
- More budget detail
 - Identify total portfolio-level budget and individual components thereof.
- More detail of C&I programs compared to past negotiations

Jean Gibson: Thanks, Abby. We will be giving more information regarding the kits soon.

Karen Lusson (via chat): Abby, I am not sure what you mean by "IE commitment does not affect savings goals..." Any change in the budget is going to affect savings goals. Can you explain what you mean here?

- *Abigail Miner: My reading of CRGA is that the pathway for utilities to claim modified savings goals in exchange for IE goals is an electric only option. Asking for confirmation.*
- *Chris Neme: You are partially right, but if the utility is proposing a shareholder incentive mechanism, they need to spend at least 5% and achieve 7% of savings and other provisions. Then, goals can be adjusted.*
- *Abigail Miner: That is what I would like Peoples Gas and North Shore Gas to clarify.*

National Consumer Law Center (NCLC) Feedback to Peoples Gas and North Shore Gas

Karen Lusson, National Consumer Law Center

National Consumer Law Center (NCLC)

- Since 1969, the nonprofit National Consumer Law Center® (NCLC) has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the U.S.
- NCLC's expertise includes policy analysis and advocacy; consumer law and energy publications; litigation; expert witness services, and training and advice for advocates. NCLC works with nonprofit and legal services organizations, private attorneys, policymakers, and federal and state government and courts across the nation to stop exploitative practices, help financially stressed families build and retain wealth, and advance economic fairness.

PGL's EE Program Should be Part of the Solution to Lowering Energy Burdens

- IQ Whole building weatherization spending should be maximized:
 - Why?
 - PGL: 44% increase in rates over 2023-2025 period
 - PGL Monthly reports note significant unaffordability data:
 - February credit & collections report notes \$88 million in arrearages;
 - 28% deferred payment arrangement (DPA) failure rate.
 - (Monthly C&C reports can help drive program targeted investment)
 - The need is great!

Lack of affordable housing puts additional affordability strains on Chicago LI households

- "Since 2012, the share of rental units considered affordable declined by 8.6 percentage points from 45.3 percent in 2012 to 36.7 percent in 2023.
- At the same time, the share of renters considered lower-income declined by 7.5 percentage points from 53.2 to 45.7 percent by 2023. This trend means that a growing share of lower-income renters are living in higher-cost housing, which is an indication of growing affordability pressures and the challenges lower-income renters face in finding affordable units."
- Source: Understanding Chicago's Rental Affordability Challenges: A Review of Data, Trends, and Solutions, October 24, 2025, Institute for Housing Studies, DePaul University; available at: <https://www.housingstudies.org/blog/rental-affordability-challenges/>

New Statutory Minimum Spends on IE Programs

- 8-104(e-8)(1): (1) The portion of the entire budget for efficiency programs that is spent on efficiency programs for low-income households shall be no less than the greater of: (A) 25% or (B) five percentage points more than the proportion of total annual gas sales to non-opt-out retail customers that are consumed by low-income households.

- Question: Please explain how PGL/NS calculates the proportion of annual gas sales to non-opt-out retail customers consumed by low-income customers.

PGL Budget Changes Post CRGA

- Issue 1: The Percentage of Income-Eligible Spend to Total Portfolio Budget has Decreased
 - Why the decrease in the percentage of budget dedicated to low-income customers?
- Issue 2: How can we maximize braided IHWAP Budgets
 - Need understanding of Peoples/North Shore Gas braided IHWAP contribution
 - IEPA's federal HOMES program provides additional opportunities for braiding.
- Issue 3: Peoples Gas IE Plan 5 IE Program Budget Breakdowns
 - Why the minimal change (7% increase) to IE MF Wx investment? Why a 36% increase in kits?
- Issue 4: IQ Customers Must Not BE Excluded from Participating in PGL/ComEd Weatherization Program
 - Currently, customers whose income falls between 0 and 200% of Federal Poverty Level (FPL) are directed to IHWAP, with no opportunity to participate in PGL/ComEd program.
 - Customers with household incomes between 0% and 200% FPL who are eligible for a retrofit (weatherization) can and should be given the option to participate in the utility only funded retrofit offering or be referred to a participating agency for service through IHWAP.
 - These customers should be provided with information about the differences between the utility-only retrofit offering and the IHWAP program, including available appliance, weatherization, and health and safety measures in each program, as well as the status of IHWAP waiting lists and prioritization criteria, to assist them in choosing which programs works best for their needs.

Issue 5: Joint SF Weatherization Criteria is Unacceptable and Inconsistent with Best Practices

- From Plan 5 Stipulation: Weatherization Criteria: The Companies commit to discussing IE SF retrofit prioritization criteria in the SAG Equity Subcommittee.
- Reality check: Discussions ensued in the SAG Equity Subcommittee in 2025. Few if any changes were made.
- Current ComEd/PGL/Nicor Home Energy Savings protocols are inequitable, and the opposite of best practices.
- Fixing this is a principal issue for NCLC.

Joint program must not walk away from building envelope opportunities, as is the case now.

- Current Home Energy Savings (joint ComEd/PGL/Nicor program) practice: Unless home has insulation levels below R-19, the utilities walk away from improving building envelope.

Other Questions

- Do we agree we are not starting negotiations "from scratch?"
 - Much time spent in 2024-2025 negotiating program protocols and other details that remain relevant;
 - Stakeholders' goal in negotiating those provisions has been about achieving best practices in the delivery of EE programs;

- In particular, negotiations relative to IQ whole building program comprehensiveness is critical to NCLC/COFI;
- Stakeholders can identify provisions that need to remain in 2026-2029 Stipulation for the Company's review.
- **What is the portfolio spend amount/percentage of total budget?**

Bottom Line Takeaways/Questions

- Increase in overall IE spending to mirror approved Plan 5's 41% of budget percentage, at a minimum.
- Need to increase IE whole building MF weatherization, in particular.
- Incorporate zip code level credit & collections data to target Wx investment
- **How do all parties work together with the state and CEDA to increase budget allocated to the braided weatherization program? (If you build it, they will come in terms of capacity?)**
- Implement best practices weatherization policies that don't allow for exclusion of 0% to 200% of FPL customers or unnecessary walkaways based on constraining insulation protocols.

Natural Resources Defense Council (NRDC) Feedback to Peoples Gas and North Shore Gas

Chris Neme, NRDC

Overview

- Support \$ increase to serve more customers & increase cost-effective savings
 - Would support even bigger increase to address priorities
- Question calculations of low-income minimum spend
- Concerns about allocation of budget increases
- Want to see significant increase in average savings life
 - Peoples/NS had by far the lowest avg savings life of the three gas utilities for 2026-2029 plan
 - Company didn't provide data on this in its presentation last week
 - Further increasing emphasis on IQ and Res weatherization will help
- Settlement discussions should focus on budgets/savings – must retain portfolio provisions in the 2026-2029 plan stipulation unless directly changed by statute.
 - Weatherization protocols, MDI metrics, equipment replacement criteria, etc.
- *Note: many specific comments in subsequent slides use Peoples Gas values to make a point, since it is the bigger of the two utilities, but virtually all comments conceptually apply to North Shore as well.*

Level-Setting on Budget Changes

- **Current plan values from plan filing – same as for Peoples presentation except for Res (plan shows \$0.3M more than Peoples 3/17 slides). Why the difference?**
- **Revised Plan values for portfolio costs backed out from other numbers since Peoples didn't present them. Are these correct? Can Company provide breakdown of proposed portfolio costs?**
- **Why the magnitude of increase in Business programs? Understand a significant increase, but why >60% of added budget going to business?**

Low Income Minimum Spend

- Statute requires higher of (A) 25% of total spend; or (B) 5 percentage points more than % of total non-opt-out gas sales to IQ households. IQ defined as 80% AMI.
- Peoples suggests part (B) is <15%, but...
 - Over 2020-2023, Peoples residential sales averaged ~60% of total
 - If 50% of residential is IQ, that means IQ ~30% of sales
 - ...which would make statutory minimum ~35%
- **Need data on % of residential customers that are IQ and more precise recalculation of statutory minimum to ensure we all understand the actual floor**

Abigail Miner (via chat): I also had this question for PGL/NS. Please clarify the statutory grounds for the low-income budgets and associated calculations.

IQ Spend Distribution

- Biggest % increase is in Kits – problematic
 - Oppose reintroduction of school kits
- All increases should be dedicated to whole building programs

Non-IQ Residential

- Appreciate the growth, but all of market rate residential increase should be dedicated to weatherization
 - Weatherization is still only about ¼ of total market rate Residential spending
 - Statute states revised gas plans must show the utility is “*prioritizing investment in weatherization and other measures that reduce heating loads over gas equipment measures*” in the residential sector. That is clearly not happening in the market rate residential proposal.
- Proposed Kit program spending problematic
 - Quadrupling in size!
 - Absolute increase about the same as weatherization
 - School kits should remain recently sunset
- Would like to see new whole building weatherization initiative targeted to 80-100% AMI (Moderate Income)

Large Customer Opt-Out

- Law shifts from exemption to opt-out
- **How does Peoples/NS plan to address this? How much added budget and savings is likely as a result?**

Closing and Next Steps

Next Steps for Peoples Gas and North Shore Gas Revised EE Plan

- Confidential negotiations between non-financially interested stakeholders and Peoples Gas-North Shore Gas begin in April.

Feedback on Nicor Gas Revised EE Plan

- Notify the SAG Facilitator (Celia@CeliaJohnsonConsulting.com) **by Friday, March 27** if you plan to present feedback on the Nicor Gas draft EE Plan
 - Feedback will be presented at the Tuesday, March 31 Large Group SAG Meeting

Participating in Nicor Gas Negotiations

- If you are a non-financially interested stakeholder interested in participating with confidential EE Plan negotiations with Nicor Gas, please email the SAG Facilitator (Celia@CeliaJohnsonConsulting.com) by **Friday, March 27**
 - Please review the SAG Financial Conflict of Interest Policy, excerpted from the SAG Process Guidance document, for the definition of “financially interested party”: SAG Financial Conflict of Interest Policy – 2024 Update (clean final)
 - Nicor Gas legal will review negotiation participation requests
 - Negotiations begin in April, and require signing a Non-Disclosure Agreement (NDA).

Follow-up items for Nicor Gas¹:

1. NCLC: What is the breakdown by program for the IE weatherization budgets on slide 21?
2. NRDC: From slide 33, can you show us what the numbers look like if extended to 2040? Over the full life of the amortization.
3. NRDC requested additional discussion regarding measure life.
4. NRDC: For future discussions, it would be helpful if Nicor Gas could provide breakdowns of what the significantly increased MT budget would be spent on, as well as whether the Company intends to claim savings from MT. Similar question/request for R&D.
5. NCLC: Will the return on the EE asset be the overall ROR of 6.90% or the ROE of 9.60%?

Follow-up items for Peoples Gas and North Shore Gas²:

1. ICC Staff and ICC Office of General Counsel: For the added Clean and Reliable Grid Act or ("CRGA") spending, what is the expected cost per additional therm saved? 8-104(e-20)
 - a. Please provide this:
 - i. for the revised portfolio overall, and
 - ii. by major sector if available, such as residential, income-qualified, business, and public sector.
2. ICC Staff and ICC Office of General Counsel: How much of the added CRGA spending is expected to produce savings beyond what would have been achieved under the previously approved plan? Please explain, in plain language, what savings are truly incremental because of the CRGA revision.
3. ICC Staff and ICC Office of General Counsel: How will Peoples Gas/North Shore meet the separate requirement that at least 10% of the entire portfolio (of EE measures) be procured from local governments, municipal corporations, school districts, and community college districts? 8-103(e).
4. ICC Staff and ICC Office of General Counsel: How many customers, buildings, or units do you expect to serve under the revised plan?
5. IL AG's Office: Requested all information presented in comparison to approved 2026-29 Plan. Redline copies of 2026-29 stipulation and plan preferred. March 17 presentation already included some comparisons. Thank you, this is helpful.
6. IL AG's Office: Explanation and calculation of anticipated savings. Confirm income-eligible (IE) commitment does not affect savings goals.

¹ Nicor Gas will respond to these follow-up items during negotiations. SAG Facilitator will check on whether any responses will be shared with SAG.

² Peoples Gas and North Shore Gas will respond to these follow-up items during negotiations. SAG Facilitator will check on whether any responses will be shared with SAG.

7. IL AG's Office: Provide additional program detail, including:
 - a. Program descriptions
 - b. Identify new programs
 - c. Kit questions: What are the component measures? Budgets? Epic Savers pilot details?
8. IL AG's Office: Provide additional budget detail. Identify total portfolio-level budget and individual components thereof.
9. IL AG's Office: Provide more detail of C&I programs compared to past negotiations.
10. NCLC: Please explain how PGL/NSG calculates the proportion of annual gas sales to non-opt-out retail customers consumed by low income customers.
11. NCLC: Why is there a decrease in the percentage of budget dedicated to low income customers?
12. NCLC Weatherization Questions
 - a. Need to understand PGL/NSG braided IHWAP contribution amounts.
 - b. Why is there a minimal change (7% increase) to IE MF weatherization investment?
 - c. How do all parties work together with the state and CEDA to increase budget allocated to the braided weatherization program? (If you build it, they will come in terms of capacity?)
13. NCLC: Why is there a 36% increase in kits?
14. NCLC: Is there agreement we are not starting negotiations "from scratch"?
15. NCLC: What is the portfolio spend amount/percentage of total budget?
16. NRDC Questions on Budget Changes:
 - a. Current plan values from plan filing – same as for Peoples presentation except for Res (plan shows \$0.3M more than Peoples 3/17 slides). Why the difference?
 - b. Revised Plan values for portfolio costs backed out from other numbers since Peoples didn't present them. Are these correct? Can Company provide breakdown of proposed portfolio costs?
 - c. Why the magnitude of increase in Business programs? Understand a significant increase, but why >60% of added budget going to business?
17. NRDC: Low Income Minimum Spend – Need data on % of residential customers that are IQ and more precise recalculation of statutory minimum to ensure we all understand the actual floor.
18. NRDC: Large Customer Opt-Out – How does PGL/NSG plan to address this? How much added budget and savings is likely as a result?