



Nicor Gas Planning  
Objectives  
Gas Plan 3

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# Overview

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	Objective	Metric
<b>Budget</b>	<ul style="list-style-type: none"> <li>Do not exceed statutory budget</li> </ul>	<ul style="list-style-type: none"> <li>3-year budget</li> </ul>
<b>Cost Effectiveness</b>	<ul style="list-style-type: none"> <li>Increase portfolio cost effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>3-year LC portfolio TRC B/C ratio</li> </ul>
<b>Savings</b>	<ul style="list-style-type: none"> <li>Increase annual therms</li> <li>Increase lifecycle therms</li> </ul>	<ul style="list-style-type: none"> <li>3-year annual therms</li> <li>3-year LC therms</li> </ul>
<b>Fairness</b>	<ul style="list-style-type: none"> <li>Provide diverse cross section of opportunities for customers of all rate classes</li> </ul>	<ul style="list-style-type: none"> <li>Class budget allocations</li> <li>Customer participants</li> </ul>
<b>Market</b>	<ul style="list-style-type: none"> <li>Maintain stability for trade allies</li> </ul>	<ul style="list-style-type: none"> <li>Market-driven program budgets</li> </ul>
<b>Economic Development</b>	<ul style="list-style-type: none"> <li>Increase Illinois economic activity</li> </ul>	<ul style="list-style-type: none"> <li>3- year LC jobs</li> </ul>

# Budget: Considerations

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- Set budgets based on 2% of current revenue forecasts
- Manage to approved budgets, regardless of actual revenues during plan cycle
- Nicor Gas and DCEO manage separate budgets
- Spend full Nicor Gas budget if savings goals are exceeded

# Cost Effectiveness: Considerations

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- Measure cost-effectiveness at portfolio rather than program or measure level
- Non-cost-effective measures and program elements will be included if they help meet other planning and management objectives

# Savings: Considerations

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- We need one performance metric that drives portfolio management; we can't manage to **both** annual and lifecycle goals
- 3-year goals will be defined as sum of three one-year savings goals
- If standard is to be lifecycle savings:
  - Need to include TRM lifetimes in adjustable savings goals
  - Need to lock down lifetimes for custom programs
  - Need to review statutory language

# Fairness: Considerations

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- Subsegments (e.g., moderate income, renters, new construction, nonprofit businesses)
  - Nicor Gas will design broad portfolio of program options
  - Nicor Gas doesn't currently have data available to track every subsegment (e.g., moderate income customers)

# Market: Consideration

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- Involves qualitative adjustments rather than strict metrics
  - **Example:** In Plan 2.0, Nicor Gas increased budgets for HEER and BEER, relative to other programs, in order to lessen the “cliff” facing furnace trade allies.

# Econ Development: Considerations

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- Measure jobs benefits with Nicor Gas economic impact model