

Peoples Gas and North Shore Gas Natural Gas Savings Programs Third Triennial Preliminary Plan

Presentation to the Stakeholder Advisory Group

Patrick Michalkiewicz and Paige Knutsen

March 29, 2016



Agenda

- Phase III Portfolio Objectives and Key Changes
- High Level Budget
- Program Discussion – Business
- Program Discussion – Residential
- Guiding Principles for Low-Moderate Income Program Design
- Program Discussion – Low-Moderate Income
- Summary and Feedback

Phase III Portfolio Objectives

1. Meet legislative requirements to implement a portfolio of energy efficiency programs that will produce cost effective savings to the extent possible within the budgetary cap. Cost effectiveness is at the portfolio level and at the 3-year program level.
2. Provide opportunities to participate for all customers (excluding electric generation customers and customers who have opted-out).

Phase III Portfolio Objectives

3. Build on past experiences and proven technologies, while introducing limited emerging technologies to the market to spur future demand that would aid in market transformation.
4. Is easily scalable and allows for flexible responsiveness to market conditions.

Phase III Key Changes

- Inclusion of a Low-Moderate Income Program for Single Family and Multi-Family Customers
- Reduction in behavior change components
- Increased budget for emerging technologies

High Level Budget – Peoples Gas

PEOPLES GAS				
Savings	GPY7	GPY8	GPY9	Total
Throughput (Therms)	1,354,563,430	1,354,563,430	1,354,563,430	4,063,690,290
Statutory Savings Goal (Percent)	1.40%	1.50%	1.50%	n/a
Statutory Savings Goal (Therms)	18,963,888	20,318,451	20,318,451	59,600,790
Utility Savings (Therms) - 80% of Statutory Goal	15,171,110	16,254,761	16,254,761	47,680,632
DCEO Savings (Therms) 20% of Statutory Goal	3,792,778	4,063,690	4,063,690	11,920,158
Utility Proposed Modified Savings Goal (Therms)	7,730,671	7,753,987	7,768,786	23,253,444
Utility Proposed Modified Savings Goal (Percent)	0.57%	0.57%	0.57%	n/a

PEOPLES GAS					
Budget Cap	\$27,239,000	GPY7	GPY8	GPY9	Total
Utility Allocation @	75%	\$20,429,250	\$20,429,250	\$20,429,250	\$61,287,750
Research & Development (Emerging Technologies)		\$612,878	\$612,878	\$612,878	\$1,838,633
EM&V Implementation		\$612,878	\$612,878	\$612,878	\$1,838,633
Portfolio Administration (Including Planning)		\$900,000	\$900,000	\$900,000	\$2,700,000
Portfolio Marketing & Education		\$675,000	\$675,000	\$675,000	\$2,025,000
Studies (ie Potential Studies) (External costs)			\$240,000		\$240,000
Total Portfolio Costs		\$2,800,755	\$3,040,755	\$2,800,755	\$8,642,265
Available Program Budget		\$17,628,495	\$17,388,495	\$17,628,495	\$52,645,485
PGL Subtotal		\$20,429,250	\$20,429,250	\$20,429,250	\$61,287,750
DCEO Allocation @	25%	\$6,809,750	\$6,809,750	\$6,809,750	\$20,429,250
PGL w/DCEO Subtotal		\$27,239,000	\$27,239,000	\$27,239,000	\$81,717,000

High Level Budget – North Shore Gas

NORTH SHORE GAS				
Savings	GPY7	GPY8	GPY9	Total
Throughput (Therms)	296,259,200	296,259,200	296,259,200	888,777,600
Statutory Savings Goal (Percent)	1.40%	1.50%	1.50%	n/a
Statutory Savings Goal (Therms)	4,147,629	4,443,888	4,443,888	13,035,405
Utility Savings (Therms) - 80% of Statutory Goal	3,318,103	3,555,110	3,555,110	10,428,324
DCEO Savings (Therms) 20% of Statutory Goal	829,526	888,778	888,778	2,607,081
Utility Proposed Modified Savings Goal (Therms)	1,127,324	1,127,324	1,127,324	3,381,972
Utility Proposed Modified Savings Goal (Percent)	0.38%	0.38%	0.38%	n/a

NORTH SHORE GAS					
Budget Cap	\$3,958,000	GPY7	GPY8	GPY9	Total
Utility Allocation @	75%	\$2,968,500	\$2,968,500	\$2,968,500	\$8,905,500
Research & Development (Emerging Technologies)		\$89,055	\$89,055	\$89,055	\$267,165
EM&V Implementation		\$89,055	\$89,055	\$89,055	\$267,165
Portfolio Administration (Including Planning)		\$300,000	\$300,000	\$300,000	\$900,000
Portfolio Marketing & Education		\$200,000	\$200,000	\$200,000	\$600,000
Studies (ie Potential Studies) (External costs)			\$240,000		\$240,000
Total Portfolio Costs		\$678,110	\$918,110	\$678,110	\$2,274,330
Available Program Budget		\$2,290,390	\$2,050,390	\$2,290,390	\$6,631,170
NSG Subtotal		\$2,968,500	\$2,968,500	\$2,968,500	\$8,905,500
DCEO Allocation @	25%	\$989,500	\$989,500	\$989,500	\$2,968,500
NSG w/DCEO Subtotal		\$3,958,000	\$3,958,000	\$3,958,000	\$11,874,000

Program Level Budget – Peoples Gas

	PEOPLES GAS Budget Proposed							
	GPY7		GPY8		GPY9		Total	
	Est \$	% of Total	Est \$	% of Total	Est \$	% of Total	Est \$	% of Total
Low-Moderate Income Program	\$3,348,495	18.99%	\$3,348,495	19.26%	\$3,348,495	18.99%	\$10,045,485	19.08%
Residential Program	\$8,280,000	46.97%	\$8,130,000	46.76%	\$8,280,000	46.97%	\$24,690,000	46.90%
Business Program	\$6,000,000	34.04%	\$5,910,000	33.99%	\$6,000,000	34.04%	\$17,910,000	34.02%
Total	\$17,628,495	100.00%	\$17,388,495	100.00%	\$17,628,495	100.00%	\$52,645,485	100.00%

Low-Moderate Income % of Residential Budget

(without DCEO allocation) 28.80% 29.17% 28.80% 28.92%

Low-Moderate Income % of Residential Budget (incl

60% of DCEO allocation) 47.31% 47.77% 47.31% 47.46%

Program Level Budget – North Shore Gas

	NORTH SHORE GAS Budget Proposed							
	GPY7		GPY8		GPY9		Total	
	Est \$	% of Total	Est \$	% of Total	Est \$	% of Total	Est \$	% of Total
Low-Moderate Income Program	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
Residential Program	\$1,290,000	56.32%	\$1,110,000	54.14%	\$1,290,000	56.32%	\$3,690,000	55.65%
Business Program	\$1,000,390	43.68%	\$940,390	45.86%	\$1,000,390	43.68%	\$2,941,170	44.35%
Total	\$2,290,390	100.00%	\$2,050,390	100.00%	\$2,290,390	100.00%	\$6,631,170	100.00%

Programs at a Glance

Programs Market Offerings	Residential				Business
	Low-Mod Income		Non Low-Mod Income		C&I
	Single Family	Multi-Family	Single Family	Multi-family	
Outreach & Education					
- Behavior	x	x	x	x	
- EEE	x	x	x	x	
Assessments					
- High level (w/DI if appro)	x	x	x	x	x
- In Depth		x		x	
- Gas Optimization		x		x	x
- RCx					x
- Engineering Studies					x
Rebates/Grants					
- Standard (Down & Up)			x	x	x
- Partner Trade Ally			x	x	x
- Local Orgn Partner	x	x			
- Custom				x	x

Business Program – Peoples Gas

		PGL PY7									
		First Year Cost Breakdown					Savings - First Year			Savings - Lifetime	
C/J	TRC	Total Budget	Cust Inc	3rd Pty Inc	Non-Inc	% of Total	Therm	% of Total	\$/Therm	Therm	\$/Therm
J	1.06	\$6,000,000	\$2,060,272	\$1,332,283	\$2,607,446	34%	3,169,786	41%	\$1.89	37,953,574	\$0.16

Programs	Business	
	Existing	NC
Paths		
Assessments		
- High level (w/DI if appro)	x	
- Gas Optimization	x	
- RCx	x	
- Engineering Studies	x	
Rebates/Grants		
- Standard (Down & Up)	x	x
- Partner Trade Ally	x	
- Custom	x	x

- Various degrees of assessments
- DI for small businesses, private education and health care
- Gas Optimization/Retro-Commissioning
- Standard, PTA, and Custom rebates
- No major changes from current triennial
- Added laminars as a direct install measure for health care facilities
- Looking to take food service rebates upstream

Business Program – North Shore Gas

		NSG PY7									
		First Year Cost Breakdown					Savings - First Year			Savings - Lifetime	
C/J	TRC	Total Budget	Cust Inc	3rd Pty Inc	Non-Inc	% of Total	Therm	% of Total	\$/Therm	Therm	\$/Therm
J	1.09	\$1,000,390	\$267,562	\$240,646	\$492,182	44%	454,357	40%	\$2.20	4,073,463	\$0.25

Programs	Business	
	Existing	NC
Paths		
Assessments		
- High level (w/DI if appro)	x	
- Gas Optimization	x	
- RCx	x	
- Engineering Studies	x	
Rebates/Grants		
- Standard (Down & Up)	x	x
- Partner Trade Ally	x	
- Custom	x	x

- Various degrees of assessments
- DI for small businesses, private education and health care
- Gas Optimization/Retro-Commissioning
- Standard, PTA, and Custom rebates
- No major changes from current triennial
- Added laminars as a direct install measure for health care facilities
- Looking to take food service rebates upstream

Residential Program - Non-Low/Mod Income - PGL

Programs	Residential			
Market Offerings	Non-Low-Mod Income			
	SF		MF	
Paths	Existing	NC	Existing	NC
Outreach & Education				
- Behavior	x		x	
- EEE	x		x	
Assessments				
- High level (w/DI if appro)	x		x	
- In Depth			x	
- Gas Optimization			x	
Rebates/Grants				
- Standard (Down & Up)	x	x	x	x
- Partner Trade Ally	x		x	
- Custom			x	x

		PGL PY7									
		First Year Cost Breakdown					Savings - First Year			Savings - Lifetime	
C/J	TRC	Total Budget	Cust Inc	3rd Pty Inc	Non-Inc	% of Total	Therm	% of Total	\$/Therm	Therm	\$/Therm
J	1.86	\$8,280,000	\$2,543,212	\$2,297,693	\$3,439,095	47%	4,222,050	55%	\$1.96	50,181,559	\$0.17

- Outreach & Education
- Assessment/DI
- Standard and PTA rebates
- No major program content changes from current triennial
- Reduced behavior change; increased Elementary Energy Education
- Looking to add upstream water heater

Residential Program - Non-Low/Mod Income - NSG

Programs	Residential			
Market Offerings	Non-Low-Mod Income			
	SF		MF	
Paths	Existing	NC	Existing	NC
Outreach & Education				
- Behavior	x		x	
- EEE	x		x	
Assessments				
- High level (w/DI if appro)	x		x	
- In Depth			x	
- Gas Optimization			x	
Rebates/Grants				
- Standard (Down & Up)	x	x	x	x
- Partner Trade Ally	x		x	
- Custom			x	x

		NSG PY7									
		First Year Cost Breakdown					Savings - First Year			Savings - Lifetime	
C/J	TRC	Total Budget	Cust Inc	3rd Pty Inc	Non-Inc	% of Total	Therm	% of Total	\$/Therm	Therm	\$/Therm
J	1.81	\$1,290,000	\$272,796	\$638,366	\$378,838	56%	672,967	60%	\$1.92	4,548,501	\$0.28

- Outreach & Education
- Assessment/DI
- Standard and PTA rebates
- No major program content changes from current triennial
- Reduced behavior change; increased Elementary Energy Education
- Looking to add upstream water heater

Guiding Principles: Low-Moderate Income Program Design

- Focus on deeper retrofits
- Comprehensiveness and quality over quantity
- Use existing infrastructure whenever possible

Low-Moderate Income Programs – Peoples Gas

Programs	Residential			
Market Offerings	Low-Mod Income			
	SF		MF	
Paths	Existing	NC	Existing	NC
Outreach & Education				
- Behavior	x		x	
- EEE	x		x	
Assessments				
- High level (w/DI if appro)	x		x	
- In Depth			x	
- Gas Optimization			x	
Rebates/Grants (R/G)				
- Local Orgn Partner	G	R	G	R

		PGL PY7										
		First Year Cost Breakdown						Savings - First Year			Savings - Lifetime	
	C/J	TRC	Total Budget	Cust Inc	3rd Pty Inc	Non-Inc	% of Total	Therm	% of Total	\$/Therm	Therm	\$/Therm
Outreach & Education			\$141,000	\$0	\$131,000	\$10,000	4%	118,006	35%	\$1.19	133,846	\$1.05
Single Family (SF) Existing			\$881,635	\$0	\$831,635	\$50,000	26%	52,364	15%	\$16.84	1,236,542	\$0.71
Single Family (SF) NC			\$143,100	\$77,100	\$60,000	\$6,000	4%	29,099	9%	\$4.92	479,423	\$0.30
Multi-family (MF) Existing			\$1,982,760	\$1,440,000	\$350,000	\$192,760	59%	136,800	40%	\$14.49	2,052,000	\$0.97
Multi-family (MF) NC			\$200,000	\$20,000	\$175,000	\$5,000	6%	2,565	1%	\$77.97	38,475	\$5.20
Total	J	1.64	\$3,348,495	\$1,537,100	\$1,547,635	\$263,760	19%	338,835	4%	\$9.88	3,940,286	\$0.85

- Outreach & Education (same as non-Low-Mod)
- Assessment/DI
- Reduced behavior change; increased Elementary Energy Education
- Low-Mod Income program initially in PGL only, can incorporate in NSG later.

Low-Moderate Income: Single Family Existing Homes

- Potential Partner – Historic Chicago Bungalow Association (Discussions to follow w/ComEd)
- Comprehensive assessments with direct install; deeper retrofits to include insulation and air sealing, programmable setback thermostat; heating system clean and tune; emergency replacement where needed; health and safety measures; post-installation inspections

Income Level	% of Part	Co-Pay %	Max Co-Pay
80% AMI or less	50%	0%	\$0
81% - 85% AMI	25%	5%	\$300
86% - 90% AMI	15%	7.5%	\$450
91% - 100% AMI	10%	10%	\$600

Key estimated metrics based on 100 participants	
Total Budget	\$881,635
Percentage Incentive/3 rd Party Incentive	94%
Energy Savings – First Year	52,364
Energy Savings - Lifetime	1,236,542

Low-Moderate Income: Multi-Family Existing Buildings

- Potential Partner – Elevate Energy (discussions to follow with ComEd)
- Comprehensive assessments with direct install; deeper retrofits to include insulation and air sealing, programmable setback thermostat; heating system and water heating measures; controls; steam traps; post-installation inspections

Key estimated metrics	
Total Budget	\$1,982,760
Percentage Incentive/3 rd Party Incentive	90%
Energy Savings – First Year	136,800
Energy Savings - Lifetime	2,052,000

Low-Moderate Income: Single Family & Multi-Family – New Const.

- Potential Partners – Any housing development authority or similar organization
- Influence energy efficiency at the time of construction
 - Assumption 1 – code will be met
 - Assumption 2 – most new construction will need federal or state funding
- Enhanced rebates (1.5x or 2x) to go above code for equipment efficiencies
- If funding not used by end of a specific period, use budget for existing premises

Summary and Feedback

- Structure of the Portfolio consistent with Phase II
- Key Changes
 - Added low-moderate income program
 - Reduced behavior change
 - Added budget for emerging technology
- Feedback

