

**Nicor Gas Company**  
**Energy Efficiency Program – Plan Year 6**  
**Quarterly Report: Second Quarter**  
**(June 1, 2016 to November 30, 2016)**

**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 November 30, 2016. As shown, Nicor Gas’ programs have accumulated net savings of 3.0 million net therms in PY6, or thirty-five 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 \$12.2 million, or forty 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 have seen 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, multi-cultural newspaper ads, targeted emails, targeted social media placements, and at live events. In the second quarter, Nicor Gas distributed 3,584 ESKs, for an overall total of 5,625 ESKs distributed, achieving 21.6% of its PY6 net therm savings goal for ESK's. It should be noted that only another 1,886 ESKs need to be distributed to achieve the 3-year goal of 60,000 total ESKs distributed.

Home Energy Savings (HES):

The HES program experienced larger home assessment volumes than expected in the second quarter of PY6. This was caused by mass media events and the continued popularity of the smart thermostat direct install measure.

The prescriptive air sealing/insulation portion of the program is tracking to its forecast within PY6 and we anticipate stronger 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. 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 of customers interested in receiving assessments, air sealing and insulation toward the end of the second quarter.

In November we introduced the Enhanced Home Energy Savings Assessment which 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 plus 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 second 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 below our forecast, however, 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 second quarter, RNC certified 187 homes (380 total, or 38% of goal), while achieving a net savings of 41,242 therms, or 85,129 net therms saved overall, which is 18% of the overall PY6 goal that includes Code Compliance. The average savings per home was 344.7 gross therms (224 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 under the administration of the Department of Commerce and Economic Opportunity. 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 the distribution of its Fall 2016 Build Smart newsletter, the implementation of Residential Science Resources' "HouseRater 2.0" software, which simplifies data capturing and uploading for raters, and attendance at a breakfast hosted by the Southwest Suburban Homebuilders Association. Additionally, the program worked with one of its raters and their builder client to improve the timeliness and communication of projects being submitted for incentives, and worked on recruiting several builders to host "Building High Performance Homes" training sessions in Q3 and Q4.

Total spending through Q2 is approximately \$300,000 which is 25% of the overall budget target, and includes the Code Compliance offering.

Elementary Energy Education:

In the second quarter, recruiting and enrollment activities took place for the Elementary Energy Education ("Super Savers") program, including the targeting of mid/low-income focus communities.

As of November, 2016, the Nicor Gas program was fully enrolled with 850 students. The joint program with ComEd was 77% enrolled with 6,750 students signed up out of a targeted 8,750 total. 9,600 total students will participate in PY6.

Behavioral Energy Savings:

In the second quarter, program implementer, CLEAResult, recruited the "Cold Water Wash" demonstration's second (and final) participating property in Northbrook, IL, which is a senior assisted living facility with a total of 350 living units. Data loggers

were installed on 27 of 29 communal washing machines and are currently being monitored.

A meeting for residents, along with the distribution of information, laundry bags and detergent was scheduled for December. Additionally, informational posters will be posted in the facility's shared laundry rooms.

Preliminary results from the first location (an apartment complex in Carpentersville) have been positive. Logger data has shown that hot water usage for clothes washing purposes has dropped 8%, while cold water usage has increased 10%. Overall, hot/warm water usage has dropped from 92% to 82%.

Additional program results and therm savings will be reported throughout PY6. Total spending through Q2 is about \$155,000 which is 87% of the overall budget target.

### **Business Programs:**

#### **Business Energy Efficiency Rebates (BEER):**

The PY6 BEER offerings are essentially the same as the program conducted 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 Q1 and Q2, but makes up the therms and finishes strong in Q3 and Q4. The BEER program is forecasted to exceed the therm goal for PY6 and meet the three-year cycle therm goal.

#### **Business Custom Program:**

Nicor Gas continues to work its program 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 program tend to be longer-term in nature and require customer commitment for start-up and completion.

The Custom Program is forecasted to exceed the PY6 therm goal and the three-year cycle therm goal, and slightly under budget.

The Industrial SEM Continuation program, which began in January, continues to do well with additional low cost/no cost savings which will be claimed later in PY6. The second cohort, which began in June and consists of a mixture of health care facilities, universities, and manufacturers is progressing well. Participants continue to provide

the information required to develop and maintain their energy models, and have identified over 325 energy saving opportunities during individual energy assessments.

**Small Business Energy Efficiency Program:**

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 programs. 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 exceed the three-year cycle therm goal.

**Business New Construction (BNC):**

For the second quarter, BNC achieved a net savings of 30,015 therms or 94,353 net therms saved overall, which is 24% of the overall PY6 goal that includes Code Compliance.

The BNC PY6 pipeline of projects currently stands at a combined therm-savings potential of an additional 82,456 net therms (as of November, 2016).

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 under the administration of the Department of Commerce and Economic Opportunity. While no therm savings will be generated through the Code Compliance offering in PY6, the information gathered through market research being conducted by Leidos (the program implementer), will be the basis for the direction of the program going forward.

Total spending was approximately \$245,000 which is 25% of the overall budget target, and includes the Code Compliance offering.

**Emerging Technology:**

A new smart thermostat pilot with ComEd was finalized. The pilot will utilize energy networks to capture smart thermostat data. Further, four other product tests and evaluations continued in the second 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 second quarter's highlights.
2. Please see the above section on the second quarter's highlights.
3. Please see Section C below and 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. Nothing to report for the second quarter.

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

Actions: Nicor Gas added two new measures during the second quarter: Low to Moderate Income Weatherization, and Enhanced Home Energy Savings Assessments. The results of the Total Resource Cost ("TRC") test for each new measure are provided in the attached Appendix B. Measures not included in Nicor Gas EEP filing are marked by an X.

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.