



May 15, 2018

Quarterly Report of the North Shore Gas Company and the Peoples Gas Light and Coke Company

Program Year 2018, 1st Quarter Report, January 2018 – March 2018

PEOPLES GAS[®]
ENERGY EFFICIENCY PROGRAM

NORTH SHORE GAS[®]
ENERGY EFFICIENCY PROGRAM

Pursuant to the Illinois Commerce Commission (“Commission”) final order in Docket No. 17-0309, attached is the Program Year 2018, First Quarter (1Q) qualitative report accompanying the 2018, 1Q quantitative report which details program results from a savings and cost perspective.

Peoples Gas

I. Program, Sector and Portfolio Ex Ante Results

At the end of the first quarter, the Peoples Gas Energy Efficiency Programs have achieved 6% of realized savings goals, with C&I programs contributing 41% of realized savings; Residential programs 42%; and Income Qualified programs 17%. Ex Ante results are detailed in the Q1 Quantitative report.

II. Portfolio Level Costs

At the end of the first quarter, the Peoples Gas Energy Efficiency Programs have utilized 14% of the budget, with C&I programs comprising 28% of costs, Residential programs 30%, Income Qualified programs 39%, and Demonstration of Breakthrough Equipment and Devices 3%. Costs are detailed in the Q1 Quantitative report.

III. Program Level Narratives

I. Business – Commercial and Industrial

Program Descriptions

Program Name	Description
Prescriptive and Custom Rebates	Prescriptive rebates are standard incentive amounts for common types of energy efficiency measures. Custom rebates are awarded with consideration to variables that affect the savings of energy efficiency projects.
New Construction Rebates	Incentives are provided for new construction that surpasses the region's building codes to improve energy efficiency.
Gas Optimization Studies	Provides an analysis of facility's energy-using systems to identify no- and low-cost improvements to achieve natural gas savings
Retro-Commissioning	Offers a full-building tune-up through a systematic evaluation of mechanical and electrical systems to help facilities to perform optimally. Identifies low-cost energy-saving operational improvements that can pay for themselves in 18 months or less.
Engineering Studies	Analysis of a single system within a facility's operations to support implementation of natural gas saving project
Smart Check Studies	Offers customers a detailed gas optimization study; an inventory of uninsulated steam piping; and a steam trap survey. Study findings are summarized in a Natural Gas Efficiency Plan to provide a phase approach to implement identified measures.
Staffing Grant	Program offers up to \$50,000 per customer per year to fund a project manager to guide projects to completion for customers who have energy efficiency projects that cannot be completed due to lack of staff time or availability.
Strategic Energy Management	Program engages customers to deliver a continuous improvement approach to energy efficiency by engaging site management,

	leveraging data, and by promoting best practices at the site.

Key Program Changes

- New measures:

Measure	TRC
Heat Recovery Grease Trap Filter	2.26
Modulating Dryers - Laundromat and MF Dorms	2.64
Modulating Dryers - Hotels & Hospitals	2.64
Linkageless controls for new burners	1.29
Draft Controls, > 2,000 MBH retrofit only	1.13
Condensate tank Insulation (LP space heating)	3.23
Removable steam trap jackets for dry cleaners	1.70

- Coordinating with ComEd on a joint Strategic Energy Management program.

Description of Program Successes

- Realizing a healthy pipeline as a result of the Smart Check Studies that were performed during previous Program Year.

Description of Program Challenges

- Developing 2018 monthly forecast and monitoring pipeline closely by working with trade allies and customers to ensure 2018 goal achievement.

II. Business – Public Sector

Program Descriptions

Program Name	Description
Prescriptive and Custom Rebates	Prescriptive rebates are standard incentive amounts for common types of energy efficiency measures. Custom rebates are awarded with consideration to variables that affect the savings of energy efficiency projects.
New Construction Rebates	Incentives are provided for new construction that surpasses the region’s building codes to improve energy efficiency.
Gas Optimization Studies	Provides an analysis of facility’s energy-using systems to identify no- and low-cost improvements to achieve natural gas savings
Retro-Commissioning	Offers a full-building tune-up through a systematic evaluation of mechanical and electrical systems to help facilities to perform optimally. Identifies low-cost energy-saving operational improvements that can pay for themselves in 18 months or less.

Engineering Studies	Analysis of a single system within a facility's operations to support implementation of natural gas saving project
Smart Check Studies	Offers customers a detailed gas optimization study; an inventory of uninsulated steam piping; and a steam trap survey. Study findings are summarized in a Natural Gas Efficiency Plan to provide a phase approach to implement identified measures.
Staffing Grant	Program offers up to \$50,000 per customer per year to fund a project manager to guide projects to completion for customers who have energy efficiency projects that cannot be completed due to lack of staff time or availability.

Key Program Changes

- New measures (aligned with the Business – Commercial and Industrial program):

Measure	TRC
Heat Recovery Grease Trap Filter	2.26
Modulating Dryers - Hotels & Hospitals	2.64
Linkageless controls for new burners	1.29
Draft Controls, > 2,000 MBH retrofit only	1.13
Condensate tank Insulation (LP space heating)	3.23

Description of Program Successes

- Building on public sector relationships established during PY6 bridge period and seeing applications submitted.

Description of Program Challenges

- Limited pipeline from previous program years. Developing initial project opportunities and working to close projects in 2018 to achieve savings and spend targets.

III. Business – Small Business

Program Descriptions

Program Name	Description
Prescriptive and Custom Rebates	Prescriptive rebates are standard incentive amounts for common types of energy efficiency measures. Custom rebates are awarded with consideration to variables that affect the savings of energy efficiency projects.
New Construction Rebates	Incentives are provided for new construction that surpasses the region's building codes to improve energy efficiency.

Key Program Changes

- New measures:

Measure	TRC
Heat Recovery Grease Trap Filter	2.26
Modulating Dryers - Laundromat and MF Dorms	2.64
Modulating Dryers - Hotels & Hospitals	2.64
Linkageless controls for new burners	1.29
Draft Controls, > 2,000 MBH retrofit only	1.13
Condensate tank Insulation (LP space heating)	3.23
Removable steam trap jackets for dry cleaners	1.70

Description of Program Successes

- Launched March Madness campaign to generate additional Small Business assessment leads. The marketing campaign worked with local small business associations to promote the program. During March, the campaign resulted in over 18 energy assessments.

Description of Program Challenges

- Developing 2018 monthly forecast and monitoring pipeline closely by working with trade allies and customers to ensure 2018 goal achievement.

IV. Residential – Single Family Programs

Program Descriptions

Program Name	Description
Home Energy Jumpstart	Offers an assessment and direct installation of energy-saving materials at no cost to the customer. Additional measures are available for a co-pay.
Home Energy Rebates	Offers rebates on energy efficient equipment for residential customers.
Home Energy Reports	Opt-out program that provides residential customers with free reports showing their energy usage compared to their peers, with tips for reducing energy consumption in the home.
Elementary Education	Elementary education program targeting fifth grade classrooms, providing teachers with energy efficiency lesson plans, activity guides, and take-home kits for students containing free direct installation materials for their home.

Key Program Changes

- Offering a second smart thermostat option for customers in the Home Energy Jumpstart program: ecobee3 lite with a co-pay of \$75.

- Modified weatherization rebate levels and specifications to align with Northern IL utilities and improve trade ally participation in the program.
- Coordinating with ComEd on the smart thermostat rebate offering. Peoples Gas will be purchasing therms from ComEd for completed smart thermostat customer rebates.

Description of Program Successes

- Realizing higher than anticipated therm savings per home in the Home Energy Jumpstart program (37 therms per home actual vs. 33 therms per home planned).
- High customer satisfaction score of 4.94 out of 5.00 for Home Energy Jumpstart and 9.35 out of 10.00 for Home Energy Rebates.

Description of Program Challenges

- Slower start to the program year for the Home Energy Jumpstart and Home Energy Rebate program. HER slow start is due to lower participation in weatherization and HVAC measures. HEJ will focus on increased marketing efforts in Q2 to bring demand back to a steady state.
- Developing 2018 monthly forecast and monitoring pipeline closely by working with trade allies and customers to ensure 2018 goal achievement.

V. Residential – Multi-Family

Program Descriptions

Program Name	Description
Multi Family Energy Jumpstart	Offers free direct installation of energy-saving measures for multi-family buildings.
Prescriptive and Custom Rebates	Prescriptive rebates are standard incentive amounts for common types of energy efficiency measures. Custom rebates are awarded with consideration to variables that affect the savings of energy efficiency projects.
Gas Optimization	Analysis of energy-using systems to identify no- and low-cost improvements to achieve natural gas savings
New Construction Prescriptive and Custom Rebates	Incentives are provided for new construction that surpasses the region’s building codes to improve energy efficiency.

Key Program Changes

- New measures (aligned with the Business – Commercial and Industrial program):

Measure	TRC
Heat Recovery Grease Trap Filter	2.26

Modulating Dryers - Laundromat and MF Dorms	2.64
Modulating Dryers - Hotels & Hospitals	2.64
Linkageless controls for new burners	1.29
Draft Controls, > 2,000 MBH retrofit only	1.13
Condensate tank Insulation (LP space heating)	3.23
Removable steam trap jackets for dry cleaners	1.70

Description of Program Successes

- Multi-Family demand is high, assessments and direct installation appointments have a strong pipeline and are scheduled into late June.
- High customer satisfaction scores for Multi-Family: Property Manager Survey score 4.83 out of 5.00 and Tenant Survey score 4.87 out of 5.00.

Description of Program Challenges

- Limited opportunity identified for comprehensive projects so far through assessments, will be looking into levers from previous year popular measures.
- Developing 2018 monthly forecast and monitoring pipeline closely by working with trade allies and customers to ensure 2018 goal achievement.

VI. Income Eligible Programs

Program Descriptions

Program Name	Description
Multi-Family Income Eligible	Offers prescriptive gas rebates, energy assessments, and direct-install at income-qualified multi-family buildings.
Public Housing	Offers prescriptive and custom rebates for gas measures in housing owned by Public Housing Authorities.
Income Eligible Weatherization	Offers direct install products and no-cost weatherization services for income eligible single family home customers.
Affordable Housing New Construction	Provides custom incentives for Affordable Housing New Construction projects, jointly delivered with ComEd.
Illinois Home Weatherization Assistance Program	Provides supplemental funding for energy efficiency projects for low income residents.

Key Program Changes

- Elevate Energy is implementing the Multi-Family Income Eligible and Public Housing programs.
- PGL/NSG is coordinating with DCEO, the IHWAP program, and Northern IL utilities to continue joint delivery with utility funding. Due to the large increase in utility funding for this program, cost allocation methodologies for all parties needed to be developed.

- Chicago Bungalow Association is continuing to implement the Income Eligible Weatherization program as they had done during the PY6+ bridge period.

Description of Program Successes

- Working closely with IHWAP Community Action Agencies (CEDA) and Elevate Energy to develop 2018 forecast to achieve program goals.
- Chicago Bungalow Association is on track through Q1 with total production targets.
- Customer feedback from completed projects in the Chicago Bungalow Association track is 9.98 out of 10.00.

Description of Program Challenges

- Coordination effort between all Northern IL utilities and IHWAP has been extensive in order to ensure program alignment with utility objectives.
- Realized savings and projects for income eligible programs are low due to program year startup activities such as program design updates and contracting with new vendors.

VII. Demonstration of Breakthrough Equipment and Devices

Program Descriptions

Program Name	Description
Research and Development	Focus is on evaluating innovative technologies and projects for possible inclusion in programs to achieve additional therm savings. Projects are funded through the technical organizations, educational institutions, and non-profit organizations.

Key Program Changes

- Expansion of focus from technologies to programs with emphasis on income eligible.

Description of Program Successes

- Finalized a residential ozone laundry project with plan to submit measure to TRM.

Description of Program Challenges

- Delays in implementing venturi steam trap project with Gas Technology Institute.

IV. Portfolio Level Narrative

- All measures that are demonstrated as successful through a Program Administrator Breakthrough Equipment and Devices Program
 - i. N/A – nothing to report as this is Q1 of the first program year of Phase III

- Fund-shifts meeting threshold of Section 6.1
 - ii. N/A – nothing to report as this is Q1 of the first program year of Phase III
- Key changes to marketing strategies, such as new marketing channels or marketing campaigns
 - iii. N/A – nothing to report as this is Q1 of the first program year of Phase III
- List of market research studies conducted by consultants if study costs exceed \$25,000 and are not protected by license agreements or other proprietary arrangements
 - iv. N/A – nothing to report as this is Q1 of the first program year of Phase III
- Brief description of new pilots and Programs, including target market, delivery strategy and key Measures
 - v. Implemented IIT Prototyping class evaluating low income opportunities for savings.
- Any discontinued programs
 - vi. N/A – nothing to report as this is Q1 of the first program year of Phase III

North Shore Gas

I. Program, Sector and Portfolio Ex Ante Results

At the end of the first quarter, the North Shore Gas Energy Efficiency Program has achieved 4% of realized savings, with C&I programs contributing 23% of savings; Residential programs 74%, and Income Qualified programs 3%. Ex Ante results are detailed in the Q1 Quantitative report.

II. Portfolio Level Costs

At the end of the first quarter, the North Shore Gas Energy Efficiency Programs have utilized 9% of the budget, with C&I programs comprising 42% of costs; Residential programs 49%, Income Qualified 4%, and Demonstration of Breakthrough Equipment and Devices 5%. Costs are detailed in the Q1 Quantitative report.

III. Program Level Narratives

I. Business – Commercial and Industrial

Program Descriptions

Program Name	Description
Prescriptive and Custom Rebates	Prescriptive rebates are standard incentive amounts for common types of energy efficiency measures. Custom rebates are awarded with consideration to variables that affect the savings of energy efficiency projects.
New Construction Rebates	Incentives are provided for new construction that surpasses the region's building codes to improve energy efficiency.
Gas Optimization Studies	Provides an analysis of facility's energy-using systems to identify no- and low-cost improvements to achieve natural gas savings
Retro-Commissioning	Offers a full-building tune-up through a systematic evaluation of mechanical and electrical systems to help facilities to perform optimally. Identifies low-cost energy-saving operational improvements that can pay for themselves in 18 months or less.
Engineering Studies	Analysis of a single system within a facility's operations to support implementation of natural gas saving project
Smart Check Studies	Offers customers a detailed gas optimization study; an inventory of uninsulated steam piping; and a steam trap survey. Study findings are summarized in a Natural Gas Efficiency Plan to provide a phase approach to implement identified measures.
Staffing Grant	Program offers up to \$50,000 per customer per year to fund a project manager to guide projects to completion for customers who have energy efficiency projects that cannot be completed due to lack of staff time or availability.
Strategic Energy Management	Program engages customers to deliver a continuous improvement approach to energy efficiency by engaging site management, leveraging data, and by promoting best practices at the site.

Key Program Changes

- New measures:

Measure	TRC
Heat Recovery Grease Trap Filter	2.26
Modulating Dryers - Laundromat and MF Dorms	2.64
Modulating Dryers - Hotels & Hospitals	2.64
Linkageless controls for new burners	1.29
Draft Controls, > 2,000 MBH retrofit only	1.13
Condensate tank Insulation (LP space heating)	3.23
Removable steam trap jackets for dry cleaners	1.70

- Coordinating with ComEd on a joint Strategic Energy Management program.

Description of Program Successes

- Realizing a healthy pipeline as a result of the Smart Check Studies that were performed during previous Program Year.

Description of Program Challenges

- Developing 2018 monthly forecast and monitoring pipeline closely by working with trade allies and customers to ensure 2018 goal achievement.

II. Business – Public Sector

Program Descriptions

Program Name	Description
Prescriptive and Custom Rebates	Prescriptive rebates are standard incentive amounts for common types of energy efficiency measures. Custom rebates are awarded with consideration to variables that affect the savings of energy efficiency projects.
New Construction Rebates	Incentives are provided for new construction that surpasses the region’s building codes to improve energy efficiency.
Gas Optimization Studies	Provides an analysis of facility’s energy-using systems to identify no- and low-cost improvements to achieve natural gas savings
Retro-Commissioning	Offers a full-building tune-up through a systematic evaluation of mechanical and electrical systems to help facilities to perform optimally. Identifies low-cost energy-saving operational improvements that can pay for themselves in 18 months or less.
Engineering Studies	Analysis of a single system within a facility’s operations to support implementation of natural gas saving project

Smart Check Studies	Offers customers a detailed gas optimization study; an inventory of uninsulated steam piping; and a steam trap survey. Study findings are summarized in a Natural Gas Efficiency Plan to provide a phase approach to implement identified measures.
Staffing Grant	Program offers up to \$50,000 per customer per year to fund a project manager to guide projects to completion for customers who have energy efficiency projects that cannot be completed due to lack of staff time or availability.

Key Program Changes

- New measures (aligned with the Business – Commercial and Industrial program):

Measure	TRC
Heat Recovery Grease Trap Filter	2.26
Modulating Dryers - Hotels & Hospitals	2.64
Linkageless controls for new burners	1.29
Draft Controls, > 2,000 MBH retrofit only	1.13
Condensate tank Insulation (LP space heating)	3.23

Description of Program Successes

- Building on public sector relationships established during PY6 bridge period and seeing applications submitted.

Description of Program Challenges

- Limited pipeline from previous program years. Developing initial project opportunities and working to close projects in 2018 to achieve savings and spend targets.

III. Business – Small Business

Program Descriptions

Program Name	Description
Prescriptive and Custom Rebates	Prescriptive rebates are standard incentive amounts for common types of energy efficiency measures. Custom rebates are awarded with consideration to variables that affect the savings of energy efficiency projects.
New Construction Rebates	Incentives are provided for new construction that surpasses the region’s building codes to improve energy efficiency.

Key Program Changes

- New measures (aligned with the Business – Commercial and Industrial program):

Measure	TRC
---------	-----

Heat Recovery Grease Trap Filter	2.26
Modulating Dryers - Laundromat and MF Dorms	2.64
Modulating Dryers - Hotels & Hospitals	2.64
Linkageless controls for new burners	1.29
Draft Controls, > 2,000 MBH retrofit only	1.13
Condensate tank Insulation (LP space heating)	3.23
Removable steam trap jackets for dry cleaners	1.70

Description of Program Successes

- Launched March Madness campaign to generate additional Small Business assessment leads. The marketing campaign worked with local small business associations to promote the program. During March, the campaign resulted in over 18 energy assessments.

Description of Program Challenges

- Developing 2018 monthly forecast and monitoring pipeline closely by working with trade allies and customers to ensure 2018 goal achievement.

IV. Residential – Single Family Programs

Program Descriptions

Program Name	Description
Home Energy Jumpstart	Offers an assessment and direct installation of energy-saving materials at no cost to the customer. Additional measures are available for a co-pay.
Home Energy Rebates	Offers rebates on energy efficient equipment for residential customers.
Home Energy Reports	Opt-out program that provides residential customers with free reports showing their energy usage compared to their peers, with tips for reducing energy consumption in the home.
Elementary Education	Elementary education program targeting fifth grade classrooms, providing teachers with energy efficiency lesson plans, activity guides, and take-home kits for students containing free direct installation materials for their home.

Key Program Changes

- Offering a second smart thermostat option for customers in the Home Energy Jumpstart program: ecobee3 lite with a co-pay of \$75.
- Modified weatherization rebate levels and specifications to align with Northern IL utilities and improve trade ally participation in the program.
- Coordinating with ComEd on the smart thermostat rebate offering. Peoples Gas will be purchasing therms from ComEd for completed smart thermostat customer rebates.

Description of Program Successes

- Realizing higher than anticipated therm savings per home in the Home Energy Jumpstart program (37 therms per home actual vs. 33 therms per home planned).
- High customer satisfaction score of 4.94 out of 5.00 for Home Energy Jumpstart and 9.35 out of 10.00 for Home Energy Rebates.

Description of Program Challenges

- Slower start to the program year for the Home Energy Jumpstart and Home Energy Rebate program. HER slow start is due to lower participation in weatherization and HVAC measures. HEJ will focus on increased marketing efforts in Q2 to bring demand back to a steady state.
- Developing 2018 monthly forecast and monitoring pipeline closely by working with trade allies and customers to ensure 2018 goal achievement.

V. Residential – Multi-Family

Program Descriptions

Program Name	Description
Multi Family Energy Jumpstart	Offers free direct installation of energy-saving measures for multi-family buildings.
Prescriptive and Custom Rebates	Prescriptive rebates are standard incentive amounts for common types of energy efficiency measures. Custom rebates are awarded with consideration to variables that affect the savings of energy efficiency projects.
Gas Optimization	Analysis of energy-using systems to identify no- and low-cost improvements to achieve natural gas savings
New Construction Prescriptive and Custom Rebates	Incentives are provided for new construction that surpasses the region's building codes to improve energy efficiency.

Key Program Changes

- New measures (aligned with the Business – Commercial and Industrial program):

Measure	TRC
Heat Recovery Grease Trap Filter	2.26
Modulating Dryers - Laundromat and MF Dorms	2.64
Modulating Dryers - Hotels & Hospitals	2.64
Linkageless controls for new burners	1.29
Draft Controls, > 2,000 MBH retrofit only	1.13
Condensate tank Insulation (LP space heating)	3.23

Removable steam trap jackets for dry cleaners	1.70
---	------

Description of Program Successes

- Multi-Family demand is high, assessments and direct installation appointments have a strong pipeline and are scheduled into late June.
- High customer satisfaction scores for Multi-Family: Property Manager Survey score 4.83 out of 5.00 and Tenant Survey score 4.87 out of 5.00.

Description of Program Challenges

- Limited opportunity identified for comprehensive projects so far through assessments, will be looking into levers from previous year popular measures.
- Developing 2018 monthly forecast and monitoring pipeline closely by working with trade allies and customers to ensure 2018 goal achievement.

VI. Income Eligible Programs

Program Descriptions

Program Name	Description
Multi-Family Income Eligible	Offers prescriptive gas rebates, energy assessments, and direct-install at income-qualified multi-family buildings.
Public Housing	Offers prescriptive and custom rebates for gas measures in housing owned by Public Housing Authorities.
Affordable Housing New Construction	Provides custom incentives for Affordable Housing New Construction projects, jointly delivered with ComEd.
Illinois Home Weatherization Assistance Program	Provides supplemental funding for energy efficiency projects for low income residents.

Key Program Changes

- Elevate Energy is implementing the Multi-Family Income Eligible and Public Housing programs.
- PGL/NSG is coordinating with DCEO, the IHWAP program, and Northern IL utilities to continue joint delivery with utility funding. Due to the large increase in utility funding for this program, cost allocation methodologies for all parties needed to be developed.

Description of Program Successes

- Working closely with IHWAP Community Action Agencies (Lake County) and Elevate Energy to develop 2018 forecast to achieve program goals.

Description of Program Challenges

- Coordination effort between all Northern IL utilities and IHWAP has been extensive in order to ensure program alignment with utility objectives.

- Realized savings and projects for income eligible programs are low due to program year startup activities such as program design updates and contracting with new vendors.

VII. Demonstration of Breakthrough Equipment and Devices

Program Descriptions

Program Name	Description
Research and Development	Focus is on evaluating innovative technologies and projects for possible inclusion in programs to achieve additional therm savings. Projects are funded through the technical organizations, educational institutions, and non-profit organizations.

Key Program Changes

- Expansion of focus from technologies to programs with emphasis on income eligible.

Description of Program Successes

- Finalized a residential ozone laundry project with plan to submit measure to TRM.

Description of Program Challenges

- Delays in implementing venturi steam trap project with Gas Technology Institute.

IV. Portfolio Level Narrative

- All measures that are demonstrated as successful through a Program Administrator Breakthrough Equipment and Devices Program
 - N/A – nothing to report as this is Q1 of the first program year of Phase III
- Fund-shifts meeting threshold of Section 6.1
 - N/A – nothing to report as this is Q1 of the first program year of Phase III
- Key changes to marketing strategies, such as new marketing channels or marketing campaigns
 - N/A – nothing to report as this is Q1 of the first program year of Phase III
- List of market research studies conducted by consultants if study costs exceed \$25,000 and are not protected by license agreements or other proprietary arrangements

- iv. N/A – nothing to report as this is Q1 of the first program year of Phase III
- Brief description of new pilots and Programs, including target market, delivery strategy and key Measures
 - v. Implemented IIT Prototyping class evaluating low income opportunities for savings.
- Any discontinued programs
 - vi. N/A – nothing to report as this is Q1 of the first program year of Phase III