



August 15, 2018

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

Program Year 2018, 2nd Quarter Report, April 2018 – June 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, Second Quarter (2Q) qualitative report accompanying the 2018, 2Q 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 second quarter, the Peoples Gas Energy Efficiency Programs have achieved 19% of realized savings goals, with C&I programs contributing 54% of realized savings; Residential programs 32%; and Income Qualified programs 14%. Ex Ante results are detailed in the Q2 Quantitative report.

II. Portfolio Level Costs

At the end of the second quarter, the Peoples Gas Energy Efficiency Programs have utilized 35% of the budget, with C&I programs comprising 27% of costs, Residential programs 25%, Income Qualified programs 44%, and Demonstration of Breakthrough Equipment and Devices 3%. Costs are detailed in the Q2 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.
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Key Program Changes

- New measures: None in Q2

Description of Program Successes

- Successfully recruited 8 customers for the Strategic Energy Management Cohort.

Description of Program Challenges

- Closely monitoring 2018 monthly forecast and pipeline 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 phased 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):
 - None in Q2

Description of Program Successes

- Hosted a Public Sector focus group which resulted in recommendations to improve customer experience and participation in the program.

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

- None in Q2

Description of Program Successes

- Check presentation to March Madness winner. The marketing campaign worked with local small business associations to promote the program. The campaign resulted in over 18 energy assessments.

Description of Program Challenges

- Monitoring 2018 monthly forecast and pipeline 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 and qualifying weatherization projects 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.
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Key Program Changes

- None in Q2

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 4.93 out of 5.00 for Home Energy Jumpstart and 9.39 out of 10.00 for Home Energy Rebates.

Description of Program Challenges

- Lower overall participation for the Home Energy Jumpstart and Home Energy Rebate program. HER slow start is due to lower participation in weatherization and HVAC measures which is anticipated in the first two quarters of the year. HEJ will focus on increased marketing efforts in Q3 to bring demand back to a steady state.

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

- None in Q2

Description of Program Successes

- Multi-Family demand is high, assessments and direct installation appointments have a strong pipeline and are scheduled into December.
- 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.
- Monitoring 2018 monthly forecast and pipeline 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, and are now completed.
- Chicago Bungalow Association is continuing to implement the Income Eligible Weatherization program. No changes in Q2.

Description of Program Successes

- Working closely with IHWAP Community Action Agencies (CEDA) and Elevate Energy to develop 2018 forecast to achieve program goals.
- First projects are anticipated being realized for the IHWAP program in July of 2018.
- Income Eligible Weatherization is slightly ahead through Q2 with total production targets.
- Customer feedback from completed projects in the Income Eligible Weatherization track is 9.97 out of 10.00.
- Multi-Family Income Eligible has a strong pipeline to reach goals in 2018.

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.

- Public Housing program is limited in flexibility for energy savings as it only serves a single housing authority
- Income Eligible Weatherization is seeing low install rates for the direct install measures.

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

- None in Q2

Description of Program Successes

- Finalized a residential ozone laundry report and submitted measure for TRM review.

Description of Program Challenges

- Implementation of venturi steam trap project with Gas Technology Institute delayed until June.

IV. Portfolio Level Narrative

- All measures that are demonstrated as successful through a Program Administrator Breakthrough Equipment and Devices Program
 - N/A
- Fund-shifts meeting threshold of Section 6.1
 - N/A
- Key changes to marketing strategies, such as new marketing channels or marketing campaigns
 - N/A – nothing new to report
- 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
 - N/A – nothing new to report
- Brief description of new pilots and Programs, including target market, delivery strategy and key Measures
 - N/A – nothing new to report
- Any discontinued programs
 - N/A

North Shore Gas

I. Program, Sector and Portfolio Ex Ante Results

At the end of the second quarter, the North Shore Gas Energy Efficiency Programs have achieved 8% of realized savings, with C&I programs contributing 45% of savings; Residential programs 53%, and Income Qualified programs 2%. Ex Ante results are detailed in the Q2 Quantitative report.

II. Portfolio Level Costs

At the end of the second quarter, the North Shore Gas Energy Efficiency Programs have utilized 30% of the budget, with C&I programs comprising 34% of costs; Residential programs 56%, Income Qualified 6%, and Demonstration of Breakthrough Equipment and Devices 4%. Costs are detailed in the Q2 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: None in Q2

Description of Program Successes

- Successfully recruited 3 customers for the Strategic Energy Management Cohort.

Description of Program Challenges

- Developing strategy to meet increased savings goals. Closely monitoring monthly forecast and pipeline 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.
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Key Program Changes

- New measures (aligned with the Business – Commercial and Industrial program):
 - None in Q2

Description of Program Successes

- Hosted a Public Sector focus group which resulted in recommendations to improve customer experience and participation in the program.

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.

I. 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

- None in Q2

Description of Program Successes

- Team focusing on outreach up in the NSG territory which has lead to over 16 energy assessments. Over three projects have resulted from this outreach.

Description of Program Challenges

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

II. 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 and qualifying weatherization projects 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

- None in Q2.

Description of Program Successes

- Realizing higher than anticipated therm savings per home in the Home Energy Jumpstart program (24 therms per home actual vs. 20 therms per home planned).
- High customer satisfaction score of 4.93 out of 5.00 for Home Energy Jumpstart and 9.35 out of 10.00 for Home Energy Rebates.

Description of Program Challenges

- Lower overall production for the Home Energy Jumpstart and Home Energy Rebate program. HER slow start is due to lower participation in weatherization and HVAC measures which is anticipated in the first two quarters of the year. HEJ will focus on increased marketing efforts in Q3 to bring demand back to a steady state.

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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

- No Changes in Q2

Description of Program Successes

- Multi-Family demand is high, assessments and direct installation appointments have a strong pipeline and are scheduled into December.
- 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.
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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, and are now completed.

Description of Program Successes

- Working closely with IHWAP Community Action Agencies (Lake County) and Elevate Energy to develop 2018 forecast to achieve program goals.
- Cost allocation agreements have been agreed to between utilities for all income eligible programs

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.
- Public Housing program forecasting is limited by three qualifying housing authorities

V. Demonstration of Breakthrough Equipment and Devices

Program Descriptions

Program Name	Description
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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.
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Key Program Changes

- None in Q2

Description of Program Successes

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Description of Program Challenges

- Implementation of venturi steam trap project with Gas Technology Institute delayed until June.

IV. Portfolio Level Narrative

- All measures that are demonstrated as successful through a Program Administrator Breakthrough Equipment and Devices Program
 - v. N/A
- Fund-shifts meeting threshold of Section 6.1
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 - viii. N/A – nothing new to report
- Brief description of new pilots and Programs, including target market, delivery strategy and key Measures
 - ix. N/A – nothing new to report
- Any discontinued programs
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