



**Nicor Gas Company**  
**Energy Efficiency Program – Plan Year 2020**  
**Quarterly Report: Fourth Quarter**  
**(January 1, 2020 to December 31, 2020)**

**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. 17-0310, which approved Nicor Gas’ four-year Energy Efficiency Plan (“EEP”); January 1, 2018 through December 31, 2021. This report first discusses EEP energy therm savings and program expenses for Plan Year 2020 (“PY2020”), January 1, 2020 through December 31, 2020, as of the end of the reporting quarter period. This quarter, covering October 1, 2020 through December 31, 2020, will be referred to as the “Fourth Quarter.” 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 the Statewide Quarterly Report Template which shows, among other things, ex-ante results, costs, historical energy saved, and external impacts for the period January 1, 2020 through December 31, 2020. As shown, Nicor Gas’ programs have accumulated net savings of 15.58 million net therms through the Fourth Quarter of PY2020, or about 94.6 percent of its planned energy savings of 16,468,775 therms for PY2020 as stated in its adjustable goal EEP template. As of the end of the reporting quarter, Nicor Gas had achieved these therm savings with spending of approximately \$43.3 million.

**III. Quarter Highlights**

**RESIDENTIAL PROGRAMS:**

**Home Energy Efficiency Rebates (HEER):**

The objective of the Home Energy Efficiency Rebate (“HEER”) Program is to obtain energy savings by overcoming market barriers to the purchase, installation and maintenance of high-efficiency natural gas space-heating equipment as well as other targeted measures in residential applications.

### **Key Program Changes:**

- Nicor Gas extended the rebate bonus of \$50 to residential customers who replace their existing furnace with a new high-efficiency 95% or 97% AFUE furnace to March 31<sup>st</sup>, 2021. The rebate for a 95% AFUE furnace was raised from \$200 to \$250 and the rebate for a 97% AFUE furnace was raised from \$225 to \$275.

### **Program Successes:**

- From October 1 through December 1, 2020, the Program has incentivized over 4,900 high efficiency furnaces and boilers and over 1,200 smart thermostats to our customers.
- The Program has saved customers over 3,000,000 net therms in the span of 2020.

### **Program Challenges:**

- COVID-19 has impacted furnace manufacturing supply chains that also impact the ability of distributors and trade allies to serve customers. Issues still persist with the ability of trade allies to access customers' homes to perform installations and assessments.
- Nicor Gas continues to offer rebates to customers for high efficiency furnaces, boilers and smart thermostats, but anticipates that COVID-19 impacts will likely persist into the First Quarter of 2021.

### **Home Energy Savings (HES):**

The Home Energy Savings (“HES”) program is a whole-house single-family weatherization program with the objective to obtain natural gas savings in existing single-family buildings by overcoming market barriers to the installation of energy efficiency measures. The HES program provides weatherization and shell improvement opportunities using standard, prescriptive and whole-house approaches. This offering consists of a home energy assessment (HEA) and air sealing and insulation (ASI) components.

### **Key Program Changes:**

- None.

### **Program Successes:**

- Through December 31, 2020, the Program has been able to provide over 6,500 customers with home energy assessments.

- Additionally, the Virtual Home Energy Assessment option has completed over 445 appointments through the end of the reporting period.

The air sealing and insulation offering within HES has continued to be successful, serving over 800 customers. The Program continues to see higher therm savings per home than anticipated.

- In total, the Program has saved customers over 450,000 net therms and has serviced over 7,800 homes.

### **Program Challenges:**

- With the shutdown earlier in the year (March 2020 to July 2020) due to COVID and the launch of the new Virtual Home Energy Assessment option in the 2<sup>nd</sup>/3<sup>rd</sup> quarter production was still negatively impacted into the 4<sup>th</sup> quarter. Customers are still hesitant to allow energy advisors into their homes however participation within the virtual home assessments increased in the 4<sup>th</sup> quarter and we are hopeful for this trend to continue in 2021.

### **Multi-Family (MF):**

The Multi-Family Program (“MF”) addresses residential (living units) and commercial (communal areas, central plants) energy efficiency opportunities available in multi-family buildings. The program aims to overcome market barriers to the installation of energy efficiency measures in multi-family buildings by offering comprehensive assessments, technical assistance and incentives. MF provides property owners with turnkey services to reduce energy and water use in residential living units, communal areas and in the building shell.

### **Key Program Changes:**

- The Self Install (SI) program was launched late in the Fourth Quarter to mitigate potential COVID-19 impacts and shut-downs. This new offering will allow property managers to self-install, and verify the correct installation of, the energy and water saving measures in tenant units within a 30-day period. The measures are mailed directly to the property manager and their on-site staff will be responsible for installing the measures.

### **Program Successes:**

- The Centralized Plan Optimization Program (CPOP) continues to perform with a better-than-anticipated dollar per therm. The program has experienced little-to-no impact because of COVID-19 thus far, and has

realized 184% of the 2020 CPOP savings goal through 323 projects. MF achieved 162% of its annual savings goal.

**Program Challenges:**

- The prescriptive portion of MF has continued to see lower-than-expected participation. The CPOP model was launched to balance impacts from lower prescriptive production.

**Residential New Construction (RNC):**

The objective of the Residential New Construction Program (“RNC”) is to obtain energy savings by increasing the energy efficiency of single-family and duplex new construction homes. The program provides participating new home builders and their verifier companies a financial incentive to either a) exceed state and local building code requirements regarding duct and air sealing, along with the installation of specific high-efficiency equipment, or b) install prescriptive high-efficiency equipment only.

**Key Program Changes:**

- None.

**Program Successes:**

- In the Fourth Quarter, 339 homes were completed, for a total of 769 completed homes or 70% of the annual participation goal.
- While the program will be short of the annual participation goal, the 65% increase from Q3 to Q4 (and 139% increase vs. Q2) is a promising sign that the new program design is gaining momentum.

Additionally, the program held virtual “lunch and learn” webinars Oct. 6-8. The webinars drew a total of 18 attendees, several of which were builders that had not engaged with the program for many months. We also engaged with two new contractors that showed interest in becoming “verifiers” for the program.

**Program Challenges:**

- Participation goals were not met due to the introduction of a new program model in PY2020 that will take time to gain traction and construction slowdowns due to COVID-19.

## **Energy Education and Outreach:**

The energy education and outreach program is intended to enhance residential customers' understanding of energy usage in their homes and educate these customers on available energy efficiency opportunities through the Nicor Gas Energy Efficiency Program.

- Energy Saving Kits (“ESKs”)
- Energy Education Kits (“EEKs”)
- Behavior Energy Savings (“Behavior”)

### **Key Program Changes:**

- None.

### **Program Successes:**

#### **ESK**

- In the Fourth Quarter, 4,454 water-saving kits and 13,941 weatherization kits were distributed to customers; this resulted in a total of 13,366 water-saving kits and 37,370 weatherization kits distributed through December.
- This was an increase in distribution of water-saving kits of 71% and an increase in weatherization kits of 109% vs. Q3. This increase can be attributed to our Marketing Outreach Team's customer engagement efforts when answering phone calls and performing outreach.

#### **EEK**

- In the Fourth Quarter, the Elementary Energy Education (Super Savers) program distributed kits to a total of 11,052 students and teachers, for a total of 13,451 kits distributed overall.
- Due to schools being engaged in remote learning because of COVID concerns, 29 kits were direct shipped to students' homes.

#### **Behavior (HER)**

- In the Fourth Quarter, the Behavior (Home Energy Reports) program distributed 698,700 paper reports and 392,731 email reports to program participants.
- The overall open rate for emails was 26%.
- In Q4, only 65 participants opted out of the program. The overall program attrition rate remains extremely low at 0.20%.

**Program Challenges:**

- EEK enrollments were down in PY2020 due to schools’ greater concerns with COVID-19. However, a significant number of kits were still distributed, and a “ship to home” option was made available to schools engaged in full-time remote learning.

**Income Qualified Energy Efficiency:**

The objective of the Income Qualified Energy Efficiency (“IQ”) program is to provide broad and deep energy efficiency opportunities to income-qualified customers living in single-family homes and multi-family buildings, and for the construction of new energy-efficient affordable housing. This program includes:

- Single Family and Multi-Family Weatherization and Retrofits
- PHA/Multi-Family Buildings
- Affordable Housing New Construction (AHNC)

**Key Program Changes:**

- None

**Program Successes:**

- Through December 31, 2020, Nicor Gas, in collaboration with Community Action Agencies, was able to serve over 440 single family homes and over 70 multi-family units.
- Through our contractor channel, we were able to serve 467 single-family homes and 1,463 multi-family units.
- We were also able to serve an additional 267 multi-family units through the Public Housing Authority Income Qualified offering.

*Affordable Housing New Construction (AHNC) Fourth Quarter Completed Projects*

<b>TYPE</b>	<b>SQ. FEET</b>	<b>ANNUAL GROSS THERM SAVINGS</b>
5 single-family “Habitat for Humanity” homes	7,427 (total)	2,277
60-unit, 4-story, multi-family low-rise	53,294	14,567

### **Program Challenges:**

- Due to COVID-19, all in-home assessments and weatherization for Single Family, Multi-Family Weatherization, Retrofits and PHA stopped in March 2020 and resumed in July 2020. This shutdown negatively impacted production within the 4<sup>th</sup> quarter of this year. We have seen production improve in the single family sector in the 4<sup>th</sup> quarter however within the multi-family and PHA sector building owners and customers are hesitant to allow energy advisors or retrofit crews into the apartments.

### **BUSINESS PROGRAMS:**

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

The Business Energy Efficiency Rebates (“BEER”) program’s goal is to produce natural gas energy savings in the business and public sectors by promoting the purchase and installation of energy efficiency measures such as: high-efficiency space heating, water heating, food service technologies, tune-ups and upgrades. This is accomplished by providing the direct installation of free energy-saving products, completing free energy assessments of customers’ facilities and providing tailored energy efficiency project recommendations.

#### **Key Program Changes:**

- None.

#### **Program Successes:**

- The program achieved roughly 1.7M net therms, while continuing to see growing interest in the public sector.
- The program’s public sector incentive spend exceeded expectations and reached nearly \$460,000, which was roughly 150% of our original forecasted spend for the sector. This is the result of our multi-pronged public sector outreach approach, targeting School Districts, Municipalities and Park Districts.
- We continue to offer virtual assessments as an option to all customers.
- We have successfully launched our Business Optimization Program, to assist small commercial customers in income qualified areas and public sector customers across our territory. This successful launch has created a robust pipeline for 2021.

#### **Program Challenges:**

- Due to COVID-19 financial impacts on public sector and commercial customer segments, we are finding that customers may not have sufficient

or approved funding available to do Energy Efficiency projects or may not have Energy Efficiency plans at this time.

### **Custom Incentives:**

The purpose of the Custom Incentives (“Custom”) program is to assist medium-to-large commercial, multi-family, public sector and industrial customers in identifying and implementing cost-effective natural gas energy efficiency measures that are not otherwise addressed in Nicor Gas’ BEER, MF or SB Programs. Participation is driven through the program’s free energy assessments, which inform the customer on ways to be more efficient. These assessment recommendations can spill over into other commercial and industrial program participation. Additionally, the Custom program offers a Retro-Commissioning (RCx) offering, assisting participants with low-cost and no-cost tune-ups and adjustments to their operating systems, building controls, energy management systems and HVAC systems in existing buildings. The aim of the retro-commissioning offering is to optimize operations and improve facility efficiency by returning equipment to its intended operation or design specifications. The Custom program also includes a Combined Heat and Power (CHP) offering.

#### **Key Program Changes:**

- None.

#### **Program Successes:**

- The program finished the quarter on a successful note, claiming roughly 2,800,000 net therms, exceeding the annual therm goal, while staying within budget.
- Due to the multi-pronged public sector outreach approach to School Districts, Municipalities, and Park Districts, the program saw a significant uptick in public sector assessments. The program performed 77 customer assessments in 2020 and roughly 52% (44) of those assessments were public sector.
- We continue to offer virtual assessments as an option for all customers in this program to utilize.
- The active public sector outreach will continue into 2021 and continue to build our pipeline..
- CHP activity continues to build. Three CHP Feasibility Studies (FSs) were started and completed in the Fourth Quarter. Twelve CHP FSs were completed in 2020, with a total potential 18,036 kW. One 800 kW CHP system, the first in Nicor Gas/ComEd joint territory, completed EM&V in the Fourth Quarter of 2020. One public sector CHP 375 kW system continues their 16-month EM&V process that began in the third quarter of 2020.

### **Program Challenges:**

- The main challenge facing the Custom program is working with customers who may have been financially impacted by COVID-19, which result in capital funding approval and potential project delay.

### **Strategic Energy Management:**

The objective of the Strategic Energy Management (“SEM”) program is to obtain long-term energy savings by focusing on improving and optimizing commercial, industrial and public sector operations, processes and energy equipment.

### **Key Program Changes:**

- None.

### **Program Successes:**

- The 2020 SEM program greatly overachieved its net therm goal.
- Hines VA Hospital saved 385,609 net therms, the most Public Sector participant therm savings in 2020.
- The Public Sector saved over 750,000 net therms in 2020.
- Two cohorts were underway in the Fourth Quarter: 2020 Public Sector (includes nine customers starting their first year of SEM; and 2020 Alumni (includes 14 joint Nicor Gas/ComEd customers and six Nicor Gas-only customers that are continuing the second, third, fourth or fifth year of their energy-saving journey; six of these are public sector customers).

### **Program Challenges:**

- On March 12, all in-person meetings and site visits ceased in response to COVID-19 and were replaced with virtual meetings. In-person site visits resumed in July depending on Customer, Utility and Implementation Contractor approvals.
- COVID-19 impacts have been seen this year. Many customers continued to operate, a few that shut down are still in various stages of reopening, while others increased production based on demand.
- Gradually beginning to open back up are: schools and universities originally closed in unoccupied mode, some have switched to online classes or limited in-person schedules.

**Small Business:**

The Small Business Program’s (“SB”) objective is to obtain long-term natural gas energy savings from small business gas customers, including public sector customers, through energy efficiency retrofits and financial incentives to influence the installation of highly-efficient natural gas equipment.

**Key Program Changes:**

- None.

**Program Successes:**

- The program ended the year successfully, claiming over 930,000 net therms, while staying within budget.
- The program’s highest performing measure continues to be dry cleaner steam traps, as nearly 1,800 traps were rebated by the program.
- The program continues to see increased public sector assessment interest, and performed 55 public sector small business assessments, which is roughly 34% of the total program assessments performed for the year.
- We continue to offer virtual assessments as an option for all customers in this program to utilize.

**Program Challenges:**

- Through our outreach efforts, we are still identifying and quantifying small business segments that were significantly impacted financially by COVID-19.

**Business New Construction (BNC):**

<b>TYPE</b>	<b>SQ. FEET</b>	<b>ANNUAL GROSS THERM SAVINGS</b>	<b>MEASURES</b>
Natatorium facility	72,000	19,223	<ul style="list-style-type: none"><li>• Pool water boiler efficiency</li><li>• Mass wall insulation</li><li>• Condensing DHW heaters</li><li>• Heat recovery for pool water</li><li>• High efficiency windows</li></ul>

Sports arena	51,071	4,019	<ul style="list-style-type: none"> <li>• Mass wall insulation</li> <li>• Condensing DHW heaters</li> </ul>
Multi-family building	242,593	25,307	<ul style="list-style-type: none"> <li>• Roof insulation</li> <li>• Curtainwall assembly U-value</li> <li>• Residential make-up air controls</li> </ul>
4-story multi-family apartments	337,994	10,320	<ul style="list-style-type: none"> <li>• Low-flow fixtures</li> <li>• Roof insulation</li> <li>• Condensing MAUs</li> <li>• ENERGY STAR ® dishwashers</li> <li>• ENERGY STAR ® clothes washers</li> </ul>
Junior high renovation*	163,874	10,406	<ul style="list-style-type: none"> <li>• DOAS energy recovery ventilation</li> <li>• Boiler efficiency</li> </ul>
Furniture warehouse and offices	209,430	10,230	<ul style="list-style-type: none"> <li>• Mass wall insulation</li> <li>• Direct-fired MAUs</li> <li>• Condensing DHW heaters</li> <li>• Window assembly U-value</li> </ul>
Community Ice Center*	86,137	13,020	<ul style="list-style-type: none"> <li>• Mass wall insulation</li> <li>• Roof insulation</li> <li>• Condensing DHW heaters</li> <li>• Demand control ventilation</li> </ul>
Refrigerated processing facility expansion	180,000	2,982	Slab underfloor insulation – refrigerated spaces

The objective of the Business New Construction (“BNC”) Program is to obtain energy savings during the design and construction of new buildings, major renovations of existing buildings, and tenant buildouts in the commercial, public sector and industrial market.

The Business New Construction offering provides education, financial incentives and technical assistance to help building owners and design teams exceed current energy codes.

**Key Program Changes:**

- None.

**Program Successes:**

Fourth Quarter Completed Projects (\*public sector project)

**Program Challenges:**

- None.

**Emerging Technology:**

The primary mission of the Nicor Gas Emerging Technology Program (“ETP”) is to seek out new or unproven technologies that may be suitable for inclusion in the Nicor Gas Energy Efficiency Program and verify their natural gas savings through field tests and in-situ pilot demonstrations.

**Successful Measures:**

- No new workpapers or pilots were initiated in the Fourth Quarter.
- Due to COVID-19, several pilots have experienced delays with gathering data.
- The following pilots are still underway:
  - #1113 Air Deflector
  - #1119 Venturi Steam Traps
  - #1085 Boiler Chemical Descaling
  - #1118 Low-E Windows
  - #1123 Smart Radiator Valves
  - #1115 On-Demand Boiler Array
  - #1116 Intellihot Commercial Tankless Water Heater
  - #1139 Pipe Insulation
  - #1137 Hydronic Heating Plumbing System
  - #1147 Residential Dryer Sensor

#### 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
- 6) Pilots completed and the results

**Actions:**

- 1) Please see the above section on the Third Quarter's highlights.
- 2) Please see the above section on the Third Quarter's highlights.
- 3) Please see Section C below and Appendix A for a discussion and list of new measures added to Nicor Gas' programs.
- 4) Spending and savings by program are shown in the attached Statewide Quarterly Report Template.
- 5) Please see Appendix B for actions taken in response to evaluators' recommendations.
- 6) Please see the above section on the Third Quarter's highlights.

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

**Actions:** Actions taken in PY2020 in response to past evaluators' recommendations are shown in Appendix B.

- 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.