

**Northern Illinois Gas Company d/b/a Nicor Gas Company's
2022-2025 Energy Efficiency Plan
Settlement Stipulation**

I. Introduction

This Settlement Stipulation (“Stipulation”), when fully executed and accepted, will constitute a valid settlement agreement enforceable between Northern Illinois Gas Company d/b/a Nicor Gas Company, an Illinois corporation (“Nicor Gas” or the “Company”) and the undersigned stakeholder participants (“Stakeholder”) (each a “Party” and, collectively, the “Parties”) in the Illinois Energy Efficiency Stakeholder Advisory Group (“SAG”).

The Nicor Gas Energy Efficiency Plan (“EEP” or “Plan”) for 2022 through 2025 is required to be filed with the Illinois Commerce Commission (the “Commission”) on or before March 1, 2021 pursuant to Section 8-104 of the Public Utilities Act (the “Act”), 220 ILCS 5/8-104. The Company’s proposed EEP has been the subject of lengthy discussions among the Parties with the goal of reaching consensus on the portfolio of energy efficiency programs to be implemented by Nicor Gas for the period from January 1, 2022 through December 31, 2025.

This Stipulation is intended to memorialize that each and all of the signatory Parties are in agreement that the Company’s EEP satisfies, subject to the Parties’ final review of the Company’s filed Plan and accompanying exhibits, the requirements of Sections 8-104(e-5) and (f) of the Act and, therefore, should be approved by the Commission. In addition, this Stipulation memorializes the compromise between and among the Parties regarding certain disputed issues raised during the course of settlement discussions, as further detailed below. Compromise by any Party on any particular issue set forth in this Stipulation or in the EEP shall not constitute, and shall not be construed or interpreted to constitute, an endorsement of the resolution achieved by that compromise for any purpose other than as set forth in this Stipulation. To the extent that any provision in this Stipulation is not specifically memorialized in the filed Plan, Nicor Gas agrees that it will implement the Plan consistent with the terms of this Stipulation.

This Stipulation is the result of negotiation at arms’ length between and among the Parties, all of whom have been represented by counsel or had the opportunity to consult with counsel, and memorializes the Parties’ agreements. Thus, the Parties, intending to be legally bound and acknowledging the benefit to be derived from the mutual promises and commitments contained herein, agree as follows:

II. Portfolio Stipulations

A. Overview

The Parties agree that the compromise positions memorialized in this Stipulation allow for Nicor Gas to achieve modified energy efficiency savings goals set out in Section 8-104(c) of the Act, while ensuring that expenditures remain within the spending limit established by Section 8-104(d). The Parties agree that the Company’s proposed EEP, inclusive of the compromise positions memorialized in this Stipulation, is consistent with and satisfies the statutory

obligations listed in Sections 8-104(e-5) and (f) because it:

1. Will achieve the requirements that are identified in subsection (c) of Section 8-104, as modified by the spending limit identified in subsection (d);
2. Presents specific proposals to implement new building and appliance standards that have been placed into effect;
3. Presents estimates of the total amount paid for gas service expressed on a per therm basis associated with the proposed portfolio of measures designed to meet the requirements that are identified in subsection (c) of Section 8-104, as modified by subsection (d);
4. Presents a portfolio of energy efficiency measures proportionate to the share of total annual utility revenues in Illinois from households at or below 150% of the poverty level, including energy efficiency programs that are targeted to households with incomes at or below 80% of area median income, and procures a minimum of 10% of the energy efficiency measures in the portfolio from local government, municipal corporations, school districts, and community college districts;
5. Demonstrates that Nicor Gas' overall portfolio of energy efficiency measures, not including low-income programs described in Section 8-104(e-5), are cost effective using the total resource cost test and represent a diverse cross section of opportunities for customers of all rate classes to participate in the programs;
6. Includes a proposed cost recovery tariff mechanism to fund the proposed energy efficiency measures and to ensure the recovery of the prudently and reasonably incurred costs of Commission-approved programs; and
7. Provides for quarterly status reports tracking implementation of and expenditures for Nicor Gas' portfolio of measures, an annual independent review, and a full independent evaluation of the multi-year results of the performance and the cost effectiveness of Nicor Gas' portfolio of measures and broader net program impacts and, to the extent practical, for adjustment of the measures on a going forward basis as a result of the evaluations. The resources dedicated to evaluation shall not exceed 3% of portfolio resources in any given multi-year period.¹

B. Savings Goal

1. The Parties agree that it is highly unlikely that Nicor Gas could achieve the statutory savings requirements defined in Section 8-104(c) of the Act and also meet the requirement of Section 8-104(d) to limit the estimated average increase in the amounts paid by retail customers to no more than 2%.

¹ 220 ILCS 5/8-104(e-5), (f)(1-3), (5),(7-8).

2. To that end, the Commission should approve modified goals that reduce energy savings requirements for Nicor Gas from the statutory requirements of Section 8-104(c) to the following amounts:
 - a) Savings of 14,059,426 annual net therms for each year of the Plan; and
 - b) Savings of 56,237,705 annual net therms for the four-year Plan period.
3. Nicor Gas may comply with Section II.B.2.a of this Stipulation by meeting the total savings goal across the four years. The official approved savings goals will be those set forth in the completed Adjustable Savings Goal Spreadsheets, as those may be updated annually based on the Adjustable Savings Goals policy approved in Section 6.3 of the Illinois Energy Efficiency Policy Manual Version 2.0 (“Policy Manual”).
4. Nicor Gas shall operate and implement its energy efficiency programs in a manner that seeks to maintain fluidity in the delivery of measures and programs throughout the duration of the Plan and will not dismantle any program or measure due to simply reaching the approved savings goal.
5. The first-year annual net therm savings goals for 2022, 2023, 2024, and 2025, reflected in the completed Adjustable Savings Goal Spreadsheet filed with the EEP are each subject to change based upon the following adjustments, consistent with the Adjustable Savings Goals policy approved in Section 6.3 of the Policy Manual:
 - a) Changes to savings algorithms defined in annual updates to the Illinois Energy Efficiency Technical Reference Manual (“IL-TRM”)
 - b) Changes to net-to-gross (“NTG”) factors defined in annual updates to the Illinois NTG Policy. Adjustments for NTG changes will be limited by a NTG “collar”, as defined in Section 6.3 of the Policy Manual, for the following programs and offerings:
 - i. For the following programs and offerings, which account for 10 percent or more of Portfolio Plan annual savings, adjustments will only be made for NTG changes outside of a collar of ten percentage points:
 - (a) Home Rebates offering within the Home Energy Efficiency Rebates (“HEER”) program;
 - (b) Advanced Thermostats (“Tstats”) offering within the HEER program;
 - (c) Business Rebates offering within the Business Energy Efficiency Rebates (“BEER”) program; and

- (d) Business Optimization Program (“BOP”) offering within the BEER program.
 - ii. For the following offerings, which represent Income Qualified (“IQ”) offerings, adjustments will be made for NTG changes outside of a collar of zero percentage points:
 - (a) IQ Weatherization, including all offerings;
 - (b) Public Housing Authority (“PHA”);
 - (c) Affordable Housing New Construction (“AHNC”); and
 - (d) IQ Energy Saving Kits (“ESK”).
- 6. While Nicor Gas retains the flexibility, as documented in the Policy Manual, to shift resources between programs and measures, Nicor Gas agrees that it will not exercise this flexibility in a way that significantly lowers the portfolio weighted average measure life (“WAML”), consistent with the following provisions:
 - a) Nicor Gas will maintain a portfolio WAML that does not decline by more than 1.0 year from the portfolio WAML calculated in the filed Plan (“Target WAML”).
 - b) WAML will be calculated as the sum of the net lifecycle savings for all measures delivered in the portfolio divided by the sum of net first-year savings for all measures delivered in the portfolio.
 - c) The Target WAML is 11.85 years in the filed Plan.
 - d) The Target WAML is subject to change for 2022, 2023, 2024, and 2025 based upon changes to effective useful lives defined in annual updates to the IL-TRM.
 - e) The Target WAML will be adjusted on an annual basis to align with changes to measure lifetimes defined in the annual update to the IL-TRM and as approved by the Commission. This adjustment will rely on applying the new measure lives to the original Plan quantities of measures to produce the new WAML target that would have been set if all measure life changes had been known at the time of the 2022-2025 Plan development. This new adjusted WAML value will then set the baseline from which any deviations are measured. The Company will file an updated WAML target within the updated adjustable savings goal spreadsheet that is filed with the Commission.
- 7. Nicor Gas will file the completed gas adjustable savings goal spreadsheet with its 2022-2025 Plan filing.

8. To enable efficient annual review by the evaluators of the adjustable savings goal spreadsheet in accordance with Section 6.3 of the Policy Manual and to ensure accuracy in the IL-TRM calculations, Nicor Gas will have its Independent Evaluator verify the accuracy in the IL-TRM calculations used to derive the measure savings that form the initial savings goals in the initial adjustable savings goal spreadsheet in advance of filing the completed adjustable savings goal spreadsheet in its 2022-2025 Plan docket. Nicor Gas agrees to file its completed adjustable savings goal spreadsheet in its 2022-2025 Plan docket by April 15, 2021. In advance of filing its completed adjustable savings goal spreadsheet, Nicor Gas will consult with Ameren Illinois Company d/b/a Ameren Illinois (“Ameren Illinois”), The Peoples Gas Light & Coke Company (“Peoples Gas”), and North Shore Gas Company (“North Shore”) on a consistent statewide adjustable savings goal template to use, and will leverage to the greatest extent possible the transparent structure of the statewide adjustable savings goal template used for the last Plan.
9. Nicor Gas will not use any efficiency dollars to pay for the cost of or marketing that references customer conversion from a fuel other than natural gas to natural gas. However, any conversion customer shall still be eligible for rebates for efficiency upgrades, just like existing gas customers.

C. Cost Effectiveness

1. The Company agrees to present joint Total Resource Cost (“TRC”) and Program Administrator Cost (“PAC”) test results for each program and its portfolio as part of its 2022-2025 Plan filing. Results will be combined gas/electric results for programs saving both fuels. Results will include benefit-cost ratios as well as the net present value (“NPV”) of benefits, costs and net benefits. To the extent there are delays in receiving the joint program cost-effectiveness details from other utilities, Nicor Gas may file the joint TRC and PAC test results after the initial Plan filing, but no later than April 15, 2021.
2. As part of the Company’s 2022-2025 Plan filing and any ex post cost-effectiveness results reported for 2022-2025, the Company agrees to present TRC and PAC results both with and without non-energy impacts (“NEIs”). Measure-specific NEIs defined in the IL-TRM will be included in both sets of calculations.
3. The Company agrees to present portfolio TRC and PAC test results both with and without income qualified programs as part of its 2022-2025 Plan filing.

D. Work Papers: Upon filing the 2022-2025 Plan with the Commission, the Company agrees to provide the Parties with all work papers (in their native file format) that support the Company’s 2022-2025 Plan, testimony, and exhibits.

III. Program Stipulations

A. Residential Programs

1. Residential programs include:
 - a) Outreach, which includes the Home Energy Reports (“HER”), Energy Savings Kits (“ESK”), and Elementary Energy Education (“EEE”) offerings;
 - b) Home Energy Savings, which includes the Home Energy Assessments (“HEA”) and Air Sealing and Insulation (“ASI”) offerings;
 - c) Multifamily, which includes the Assessment/Direct Installation (“Assessment/DI”), Central Plant Optimization (“CPOP”), Prescriptive Rebates (“MF Prescriptive”), Custom Rebates (“MF Custom”), and Weatherization offerings;
 - d) Home Energy Efficiency Rebates (“HEER”), which includes the Home Rebates and Advanced Thermostats (“Tstats”) offerings; and
 - e) Residential New Construction (“RNC”).
2. The Parties agree that they have reviewed or have been presented the opportunity to review the Residential programs and initiatives to be included in the Plan, including proposed budgets, therm savings, assumptions and underlying data. The Parties agree the proposed programs should be approved with the following conditions:
 - a) Nicor Gas will design residential programs to achieve the goal of upgrading air sealing and insulation levels of at least 1,850 existing housing units (discrete housing units, including apartments, condominiums, and similar housing units in multifamily buildings, not number of measures) per year, on average across the four-year Plan period.
 - b) Nicor Gas will provide information about the full range of IQ services available to customers who engage with programs that enroll customers through direct engagement with Nicor Gas, implementation contractors, or the Nicor Gas website. This includes encouraging IQ customer participation in IQ Programs to the extent IQ Programs can provide comprehensive service and eliminate or reduce any copays or financing.
 - c) Nicor Gas will not require any utility customer seeking to participate, or to continue to participate, in a utility-offered energy efficiency program to demonstrate, or otherwise provide evidence or documentation of, United States citizenship.

B. Income Qualified Programs

1. IQ Programs include:
 - a) IQ Weatherization, which includes the Single Family (“SF”) Illinois Home Weatherization Assistance Program (“IHWAP”) offering, the Multifamily (“MF”) IHWAP offering, the Single Family Contractor Channel offering, the Multifamily Contractor Channel offering, Single Family Healthy Homes offering, and the Multifamily Healthy Homes offering;
 - b) Public Housing Authority (“PHA”);
 - c) Affordable Housing New Construction (“AHNC”); and
 - d) IQ Energy Savings Kits (“IQ ESK”).
2. The Parties agree that they have reviewed or have been presented the opportunity to review the Income Qualified programs and initiatives to be included in the Plan, including proposed budgets, therm savings, assumptions, and underlying data. The Parties agree the proposed IQ Programs should be approved, including the conditions and commitments outlined in Sections B.3 through B.8, below.
3. Conditions for All IQ Programs
 - a) Nicor Gas will spend an annual average of at least \$13.0 million per year in dedicated IQ Program spending (excluding IQ customer participation/rebates in non-IQ dedicated programs, IQ Research & Development (“R&D”) or any other portfolio level costs). MDI will not be counted as a subset of IQ dedicated programs and will be a stand-alone energy efficiency offering.
 - b) Nicor Gas will continue to provide all measures in the IQ Weatherization and IQ ESK programs free of charge, without co-pays.
 - i. Nicor Gas will continue to offer incentives in PHA and AHNC programs consistent with current program designs and consistent with Illinois Department of Commerce and Economic Opportunity (“DCEO”) programs operated through 2017.
 - ii. If Nicor Gas partners with an electric utility program that requires co-pays, Nicor Gas will offer incentives consistent with the electric program design.

- c) Nicor Gas will work with Community Action Agencies (“CAAs”) and other implementers to ensure that contractors do not assess charges for weatherization quotes.
 - d) Nicor Gas will spend at least \$11.9 million per year on programs and offerings providing whole-building retrofits for single family and multifamily customers. These programs include the IQ Weatherization program, the PHA program, and the AHNC program.
 - e) Nicor Gas will ensure IQ Programs and investments are in support of pursuing comprehensive, whole-building weatherization projects, including:
 - i. Ensuring there are mechanisms in place to lead customers starting with direct install (“DI”) measures to more comprehensive treatment of building envelope and other major measures (if customer agrees).
 - ii. Ensuring the customer is notified of an offer for more comprehensive measures, with a specific mechanism for ensuring delivery of major measures, including follow-up with DI customers to encourage participation with major measures.
 - iii. Including reporting on customers that receive only DI measures and why.
 - iv. No SF IQ customer or SF or MF IQ renter shall be assessed a co-pay (excluding PHA and AHNC or Commonwealth Edison Company (“ComEd”)-led offerings that are not free offerings).
 - v. Nicor Gas commits to not actively market On-Bill Financing (“OBF”) to IQ customers.
 - vi. Nicor Gas commits to an evaluation to assess the bill impact and customer energy burden of the energy efficiency program.
 - f) Nicor Gas will deliver energy efficiency education and projects for communities with the greatest need to reduce energy consumption and costs, particularly to diverse and historically underserved communities, using data driven approaches to target investment to such communities. Nicor Gas will collaborate with interested Stakeholders and other utilities on what data should be used.
4. Conditions for Multifamily IQ Programs
- a) Nicor Gas will ensure that its IQ multifamily spend (excluding PHA, AHNC or non-MF IQ Kits) is at least 30 percent of the total IQ

budget, accounting for historic underinvestment in the IQ multifamily sector.

- b) Nicor Gas will support the full cost of air sealing and insulation upgrades in non-IHWAP IQ multi-family buildings that have an estimated payback of 20 years or less, unless there are technical limitations or customer objections that impede measure installations. Nicor Gas and the other Parties agree to work in good faith to define the appropriate data and calculations to use in calculating payback estimates before the portfolio launches in 2022.
- c) Nicor Gas will deliver IQ multifamily services within a “one-stop shop” framework in a manner that makes it easy and streamlined for customers to navigate electric and natural gas offerings, IQ and non-IQ offerings, and EE and non-EE utility offerings. The approach for IQ multifamily (including mixed-use IQ MF buildings) services shall include:
 - i. Creating a single-point of contact (“SPOC”²), including, but not limited to, use of a common intake process in collaboration with ComEd, for multifamily building owners to access the multifamily weatherization program, working with other utilities, community action agencies or community-based organizations, to the extent those agencies engage in multifamily work. Once the appropriate program is identified for the customer, the SPOC will coordinate access to other programs on behalf of the customer.
 - ii. The SPOC will assign a pre-vetted and pre-negotiated qualified contractor to schedule and perform the work, thereby easing the administrative burden on the owner. The SPOC will be involved in communications with contractors and project managers, and will monitor progress. If quality issues arise, the SPOC will return to the site to resolve issues.
 - iii. Streamlined applications for one building. The SPOC will assist the customer with enrolling and applying.
 - iv. A comprehensive audit that addresses the entire building (both electric and gas), including all residential and common areas.

² SPOC is defined here as a utility or implementer staffer or team, concierge, or an implementing organization / contractor team that will generally help an IQ MF building owner to navigate Nicor Gas’ program offerings and provide guidance on project development, offers technical assistance, and provides other needed support. The SPOC will help to ease the burden on building owners as they work to participate in Nicor Gas’ IQ MF program.

5. Health and Safety (“H&S”)

- a) Nicor Gas will support H&S improvements as follows:
 - i. Budgeting H&S improvements of at least 5% of the total budget for whole building retrofit programs.
 - (a) IQ Single Family Upgrades: H&S funding for non-IHWAP projects will include up to 15% of the total project costs per home with a not-to-exceed value of \$1,000 per home. This cost will be split 50/50 between the utilities for jointly funded projects or 100% by Nicor Gas for Nicor Gas-only projects.
 - (b) IQ Multifamily Upgrades: H&S funding for non-IHWAP IQ MF projects will include up to \$2,000 per eligible measure or 50% of the total project, whichever is the greater. This cost will be split 50/50 between the utilities for jointly funded projects or 100% by Nicor Gas for Nicor Gas-only projects.
 - (c) Notwithstanding (a) and (b), Nicor Gas has no obligation to spend more than \$1.5 million on H&S.
 - ii. Subject to reaching agreement with DCEO, splitting H&S funds with IHWAP using a 50%/50% split for customers served by CAAs through the IHWAP braided offerings.
 - iii. Committing to analyze and leverage external sources of funding for H&S improvements.
 - iv. Committing to better understand the air sealing and insulation materials currently being used in IQ retrofits and committing to limit or eliminate the worst, unhealthiest materials. Nicor Gas will discuss any options for using healthier materials with the IQ Committees and SAG.

6. Affordability:

- a) Nicor Gas will build upon the existing connections between its customer service call center, credit and collections department, and the energy efficiency department to provide customers experiencing energy unaffordability with information about energy efficiency and financial assistance programs. This will include the following features:
 - i. Nicor Gas EEP and Implementation Contractors (excluding trade allies or upstream allies) will provide customers

accessing energy efficiency programs with information, including written literature, about available energy payment assistance, including information on the Low Income Home Energy Assistance Program, Percentage of Income Payment Plans, and all other utility-specific assistance programs. Information will be provided in English, Spanish, and other languages.

- ii. Nicor Gas Credit and Collections/Contact Center will utilize the current online website/pages, interactive voice response (“IVR”) phone tree, and live telephonic transfers for IQ customers (with information about customer financial assistance and energy efficiency programs for which they may be eligible – provided in both English and Spanish) to connect customers experiencing energy unaffordability to energy efficiency programs.
- iii. Nicor Gas will continue to recruit customers who are payment troubled (customers at risk of being disconnected, with high arrears, on payment arrangements, or on energy assistance programs) into its IQ energy efficiency programs.

7. Conditions for SF IHWAP and MF IHWAP Offerings

- a) Nicor Gas will take advantage of the efficiencies available through existing IHWAP infrastructure and services, such as enrollment and marketing, to the extent that this can reduce the need for similar services at a lower cost than utility-only programs, subject to CAA or other capacity constraints for single-family and multifamily services.
- b) Nicor Gas will seek input from and coordinate with CAAs on agency capacity and annual growth in utility funding budgeted to IHWAP braided efforts.
- c) Nicor Gas commits to braid IHWAP funds for multifamily housing with any CAAs that develop the capacity, with DCEO approval, to deliver multifamily weatherization services. Nicor Gas will inform CAAs that braiding in multifamily buildings is allowed, work with CAAs to better understand specific barriers to serving multifamily buildings, and support or co-fund appropriate training and equipment.
- d) Consistent with current practice, and subject to agreement by DCEO, Nicor Gas will split funding 50%/50% for each building served, including funding for all efficiency measures, health and safety measures, and administrative costs, consistent with IHWAP health and safety and administrative cost guidelines. Nicor Gas will claim 100% of the savings achieved through all efficiency measure installations for

which it contributes 50% funding through the braided IHWAP channel. Nicor Gas will negotiate with DCEO with the goal of reaching consensus on a designated level of IHWAP training contribution.

8. Conditions for SF/MF Contractor Channel and SF/MF Healthy Home Offerings
 - a) Nicor Gas has not included in its Plan stand-alone offerings that provide direct installation of low-cost measures, although Nicor Gas does incorporate direct install measures as key elements in more comprehensive program offerings.
 - b) Nicor Gas will consult with organizations that perform weatherization services (CAAs, Community-Based Organizations (“CBOs”), and other participants in IQ Collaborative forums) about changes to measure installation guidelines.
 - c) Nicor Gas will consider the following criteria before installing advanced thermostats:
 - i. The appropriate brand and type of thermostat based on the availability of broadband wi-fi in the home;
 - ii. Client interest after advanced thermostat functionality has been explained;
 - iii. Whether the client is housebound; and
 - iv. Technical issue that would significantly increase labor costs associated with thermostat installation.
 - d) Nicor Gas will provide the following information to clients receiving advanced thermostats:
 - i. Verbal and written operating instructions; and
 - ii. A phone number to call for assistance on the use of the product.
 - e) Nicor Gas will install furnaces, boilers, or water heaters only in cases of an emergency replacement (e.g., existing system no longer functioning) or to address a health/safety risk (e.g., cracked heat exchanger on gas furnace).

C. Market Development Initiative (“MDI”)

1. MDI Objective: Nicor Gas shall initiate a Market Development Initiative that combines research, development of a market development action plan, and contractor and workforce support, to achieve the following goals:
 - a) Increase the number of local and diverse participants in all contractual levels of the energy efficiency workforce throughout the Nicor Gas service territory;
 - b) Strengthen the partnership and support for local and diverse business enterprises; and
 - c) Increase the transparency of and equity in the Energy Efficiency Procurement process.
2. Research for MDI Development
 - a) The details of the MDI and Market Development Action Plan (“MDAP”) will be informed by research performed by a contractor, with demonstrated experience in diverse market development efforts, to assess the number of ready, willing, and able diverse firms within Nicor Gas’ territory and identify and assess options for addressing opportunities for Nicor Gas to increase implementation contractor and supplier workforce diversity. The contract for this research will be competitively bid in 2021.
 - b) This research will include (but not be limited to) components that support research into the barriers faced by underserved communities from fully participating in the Nicor Gas Energy Efficiency Program.
 - c) Nicor Gas will consult with a new SAG Subcommittee specifically dedicated to achieving the goals of MDI research, including vendor, RFP, and MDI scope, as well as the subsequent implementation of the MDI plan.
3. MDAP and Implementation Contractor Support: Nicor Gas commits to develop and implement a MDAP informed by the research for MDI development described in Section III.C.2 above, as well as a reporting process, and refinement of implementation details through the previously referenced new SAG Subcommittee.
 - a) Implementation of the MDI will be contracted to a third-party implementation contractor (“Implementation Contractor”) with demonstrated experience in diverse market development efforts. This opportunity will be an independent contract to an entity that can implement MDI.

- b) Implementation Contractor(s) for the MDI shall be selected through a separate competitive bid process and will be contracted with the utility based on feedback on the draft RFP from non-financially interested members of the new SAG Subcommittee.
- c) The MDI also will be supported by internal Nicor Gas staff, to the extent practicable.
- d) The Implementation Contractor will develop a MDAP informed by the MDI research referenced in Section III.C.2 above. The MDAP will include, but not be limited to, the following components that support the creation and development of enterprises working with Nicor Gas as implementation contractors, sub-contractors, or other support roles, specifically minority-owned, women-owned, and veteran-owned business enterprises, community-based organizations, not-for-profits, and enterprises serving low-income communities:
 - i. Conducting outreach to educate all potential bidders on implementation contracts about opportunities in the energy efficiency space, which may involve but is not limited to offering workshops, webinars, seminars, and other educational opportunities.
 - ii. Providing minority-owned, women-owned, and veteran-owned business enterprises, community-based organizations, and not-for-profits with financial and technical support, and expanded educational opportunities, to assist them in developing the capabilities necessary to compete. This may include the provision of training, training grants, grants for wrap-around services such as transportation, childcare, and lodging, software and equipment grants, and other tools as needed to develop the necessary skills and capabilities to compete effectively. Training programs shall be designed to lead to tangible jobs in the energy efficiency industry.
 - iii. Working with Nicor Gas to periodically review and analyze utility requirements for goods and services with a view toward increasing the availability of work which fall within the performance capabilities of minority-owned, women-owned, and veteran-owned business enterprises.
 - iv. Providing input to Nicor Gas in structuring procurements that provide sufficient information on technical and performance requirements and time to enable non-traditional bidders to compete effectively for Tier 1 prime contracts and to form effective teams with other firms who sub-contract.

- v. Ensuring that the terms and conditions of procurement processes such as Requests for Proposals and Invitation for Bid are stringent enough to protect the utility's interests, but not so stringent as to disqualify new and/or marginally capitalized businesses, not-for-profits and CBOs from bidding on contracts within their capabilities, thus unnecessarily limiting competition.
 - e) Nicor Gas further commits to discussing the details of the MDI work through the new SAG Subcommittee referenced in Section III.C.2 above.
 - f) Nicor Gas commits to use innovative, data-driven approaches to assess the effectiveness of both Nicor Gas' MDI in achieving the MDI goals described in Section III.C.1 of this Stipulation (above), as well as opportunities for improving such effectiveness.
 - g) Nicor Gas commits to work with other Illinois utilities and the new SAG Subcommittee to identify areas in which efficiencies and cooperation can be achieved to minimize costs to ratepayers and ensure best practices are followed in achieving the goals identified in Section III.C.1 of this Stipulation.
 - h) Nicor Gas agrees to have the MDI evaluated by December 31, 2023. In addition, Nicor Gas will have this evaluation conducted by an entity that has specific relevant experience in assessing diverse hiring practices.
4. Additional MDI Trade Ally, Workforce, and Program Support Commitments:
- a) MDI will include, but not be limited to, components that:
 - i. Support the creation and development of enterprises working with Nicor Gas as trade allies, specifically minority-owned, women-owned, and veteran-owned business enterprises and enterprises serving low-income communities;
 - ii. Support the development of the energy efficiency workforce, helping minorities, women, veterans, and people from low-income households and communities;
 - iii. Will include new program strategies in underserved communities that assist small businesses with weatherization and/or recovery from the COVID-19 pandemic and eliminate barriers for residential customers; and
 - iv. Will leverage resources available from the United States Small Business Administration, the Illinois Office of Minority

Economic Empowerment, DCEO, community colleges, and other resources identified as promoting the interest of minority-owned, women-owned, and veteran-owned business enterprises in order to minimize the cost of MDI to utility ratepayers.

- b) Nicor Gas and its MDI Implementation Contractor will participate in local and regional purchasing and networking fairs that support minority-owned, women-owned, and veteran-owned business enterprises.

5. MDI Budget

- a) Nicor Gas will spend \$1.5 million per year on MDI on average over the four year Plan period.
- b) The cost associated with MDI will be included as a stand-alone energy efficiency offering.

6. Procurement Equality

- a) Nicor Gas will engage in efforts to identify ready, willing, and able diverse firms offering services in the Nicor Gas service territory as well as identify ongoing opportunities to contract with these firms. Nicor Gas will continue to build upon that progress to further increase the program spend with diverse vendors and report about progress in its quarterly reports, and continue to identify qualified potential bidders, both from within and outside the energy efficiency industry. This will involve determining the types of businesses with the appropriate capabilities to deliver goods and services and matching them with contracting opportunities.
- b) Nicor Gas will conduct outreach to educate identified potential bidders about opportunities in the energy efficiency space, which may involve, but is not limited to, offering workshops, webinars, seminars, and/or other educational opportunities.
- c) Nicor Gas will competitively bid MDI for the Plan period.

D. Business Programs

1. Business programs include:

- a) Business Energy Efficiency Rebates (“BEER”), which includes the Business Rebates, Business Central Plan Optimization (“BOP”), and Commercial Food Service (“CFS”) offerings;
- b) Custom Efficiency (“Custom”), which includes the Custom Rebates (“Custom Rebates”) and Retrocommissioning (“RCx”) offerings;

- c) Small Business (“SB”);
 - d) Strategic Energy Management (“SEM”); and
 - e) Commercial and Industrial New Construction (“CINC”).
2. The Parties agree that they have reviewed or have been presented the opportunity to review the Business programs and initiatives to be included in the Plan, including proposed budgets, therm savings, assumptions and underlying data. The Parties agree the proposed programs should be approved.

E. Innovation Programs

1. Innovation programs include:
- a) Emerging Technology (“ET”); and
 - b) Market Transformation (“MT”).
2. With respect to the ET and MT initiative, the Parties agree to the following:
- a) The Company will continue its ongoing collaborative market transformation initiative to promote thin triple windows. Nicor Gas will track spending for developing and delivering the program to the MT program, but will also track a portion of incentive spending and all savings for measures installed through this program within appropriate programs. Nicor Gas agrees to collaborate with the Natural Resources Defense Council (“NRDC”) and other interested stakeholders on this initiative through the Stakeholders Advisory Group MT Savings Working Group.
 - b) The Company will continue investigating and developing a MT initiative to promote the adoption of efficiency performance standards for existing buildings in one or more municipalities in its service territory. The Company will work with NRDC and other interested parties in the design of the initiative.

F. Joint Offerings with Electric Utilities

1. In areas where the Company’s service territory overlaps with ComEd, the Company has designed the following programs and offerings to be delivered in a joint or coordinated manner:
- a) Residential Programs
 - i. Outreach program: ESK and EEE offerings;

- ii. HES program: HEA and ASI offerings;
 - iii. MF program: Assessments/DI and Weatherization offerings;
and
 - iv. HEER program: Tstat offering.
- b) Income Qualified Programs
- i. IQ Weatherization program: entire program;
 - ii. PHA program: entire program;
 - iii. AHNC program: entire program; and
 - iv. IQ ESK program: entire program.
- c) Business Programs
- i. Custom program: RCx offering;
 - ii. SEM program: entire program; and
 - iii. CINC program: entire program.
2. Nicor Gas will work with ComEd to ensure that these programs operate in a joint or coordinated manner through the 2022-2025 Plan period. Nicor Gas will comprehensively serve (i.e., address electric and gas measures) customers through its IQ whole building retrofit programs. To the extent that ComEd also has a Stipulation for the Plan period with language comparable to what is in this Section, Nicor Gas commits to have in place by January 1, 2022 agreement(s) to jointly deliver or fund these programs with ComEd, with the date contingent on the absence of significant procurement delays. Nicor Gas will retain the flexibility it needs to meet its overarching IQ spend commitments, as outlined in this Stipulation.
- a) Nicor Gas commits to work with ComEd to streamline customer experience and reduce possible customer confusion. Such efforts shall include:
- i. Where the customer agrees to proceed, ensuring eligible gas and electric efficiency measures are identified and installed in all homes/buildings treated regardless of the contractor delivering the program;
 - ii. Reaching alignment on joint processes, including exploring opportunities for joint enrollment forms; and

- iii. Reaching agreement on a common set of electric and gas measures offered and reporting to SAG.
- b) As part of the joint commitment Nicor Gas agrees to the following:
 - i. For non-IHWAP-braided Utility Only and Utility-Only CAA IQ single family offerings, if Nicor Gas and ComEd are unable to otherwise reach an agreement for joint or coordinated delivery, at a minimum Nicor Gas will agree to:
 - (a) sell net lifecycle³ kWh to ComEd at the average cost per net lifecycle kWh⁴ that ComEd is forecast to incur each year through its own non-CAA IQ single family program; and
 - (b) purchase net lifecycle therms from ComEd at the average cost per net lifecycle therm that ComEd is forecast to incur through its own non-CAA IQ single family program, up to a maximum total cost consistent with Nicor Gas' Plan budget limitations.
 - ii. For non-IHWAP-braided Utility Only and Utility-Only CAA IQ multi-family programs, if there are not better options for joint or coordinated delivery that both utilities can support, at a minimum Nicor Gas will agree to:
 - (a) sell net lifecycle kWh to ComEd at the average cost per net lifecycle kWh that ComEd is forecast to incur each year through its own non-CAA IQ multi-family program; and
 - (b) purchase net lifecycle therms from ComEd at the average cost per net lifecycle therm that ComEd is forecast to incur each year through its own non-CAA IQ multi-family program, up to a maximum total cost consistent with Nicor Gas' Plan budget limitations.
 - iii. For non-IQ single-family and multifamily weatherization programs, Nicor Gas will make best efforts to reach agreement with ComEd to create, promote and support investment in building envelope improvements in non-IQ homes. If Nicor Gas and ComEd are unable to otherwise reach an agreement

³ Lifecycle savings equal the total amount of savings produced over the life of the measure, after accounting for any baseline shifts, savings degradation and/or other adjustments.

⁴ Average cost per unit of lifecycle savings equals total cost associated with generating the savings (i.e., program costs, including implementation and incentive costs, but not portfolio level costs), divided by lifecycle savings.

for joint or coordinated delivery, at a minimum Nicor Gas will agree to:

- (a) Sell net lifecycle kWh savings to ComEd from Nicor Gas' non-IQ weatherization program at the average cost per net lifecycle kWh saved that ComEd is forecast to incur each year across its entire portfolio of energy efficiency programs.
 - iv. The above commitments are contingent on ComEd making a similar commitment in its own Plan or in a settlement agreement on its own Plan.
3. Nicor Gas will adjust its savings goals to reflect any reduced contribution to program costs provided by ComEd. The savings adjustment will be calculated as follows:
- a) The planning assumptions originally used to construct the offering will be recalculated to remove assumptions for ComEd budget and savings contributions. This adjustment will be reflected in the adjustable savings goal spreadsheet and Independent Evaluator review process outlined in Section II.B.8 of this Stipulation, and will apply from the date ComEd exited the joint program.
4. Nicor Gas will continue to coordinate delivery of its whole building retrofit IQ Programs with Ameren Illinois where they have overlapping service territories.

G. Reporting

- 1. Nicor Gas will separate IQ from market rate residential programs in reporting, and will ensure IQ reporting includes a breakdown of IQ SF and IQ MF.
- 2. Nicor Gas agrees to report on the following metrics in its quarterly reports filed with the Commission, starting January 2022, outside of the Policy Manual update process:
 - a) IQ Multifamily Actuals (YTD)
 - i. Participation – buildings by zip code and apartment units;
 - ii. Spending – incentives, non-incentives, total; and
 - iii. Savings (1st year) – therms.

- b) EE Supplier Diversity
 - i. Number and proportion of diverse vendors by category (i.e., MBE-certified, WBE-certified and VBE-certified), as well as by primary contractors and subcontractors, and trade allies;
 - ii. Percent of and amount of portfolio dollars (excluding incentives) for diverse spend, by category (i.e., MBE-certified, WBE-certified and VBE-certified);
 - iii. Number and proportion of CBOs and non-profits, as well as by primary contractors and subcontractors, and trade allies; and
 - iv. Percent of and amount of portfolio dollars (excluding incentives) for CBO and non-profit spend, by category.
- 3. Nicor Gas will provide status reports on joint delivery of whole-building retrofit IQ Programs with Ameren Illinois no less than twice a year, through its quarterly reporting process.
- 4. Nicor Gas agrees to report on the following metrics in its annual reports filed with the Commission, starting January 2022, outside of the Policy Manual update process:
 - a) Program participation, by zip code
 - b) Nicor Gas commits to annually providing the following Health & Safety-related metrics for IQ Whole Building Retrofit Programs at joint SAG and IQ meetings and in its Commission-filed annual reports:
 - i. Number of properties assessed for the program (broken out by SF and MF);
 - ii. Number of assessed properties that had identified H&S issues;
 - iii. Breakdown of type of identified H&S issues; and
 - iv. Number of properties deferred because of H&S issues.
 - c) IQ MF Measure Data/Comprehensiveness of treatment – Nicor Gas commits to providing the following in its Commission-filed annual reports:
 - i. % of buildings that got different types of EE services:
 - (a) Whole building assessments
 - (b) Only DI measures

- (c) In-unit
 - (d) One (1) or more major measures (e.g., building envelope measures – air sealing and insulation, HVAC, etc.)
- d) Nicor Gas will report-out to the SAG on the top three materials being used in low-income retrofits for: insulation, caulks/sealants (all applications except HVAC/ ducts), and caulks/sealants (for HVAC/ ducts).
5. Nicor Gas agrees to discuss in the Policy Manual Subcommittee or in a similar forum that involves other utilities and interested stakeholders the adoption of the referenced reporting requirements and additional metrics with a goal for the updated Policy Manual to be submitted to the Commission by Commission Staff on December 1, 2022.
- a) Nicor Gas supports the discussion of additional health and safety metrics at SAG for possible inclusion in the Policy Manual.
 - b) Nicor Gas commits to define additional equity and affordability reporting metrics with interested stakeholders around energy burden, energy affordability, procedural equity, bill impacts, and other identified areas.
 - c) Nicor Gas supports additional participation, measure, and comprehensive building treatment data, including a list of measures installed and the following totals provided for each measure, indicating which measures were installed in unit vs. common area:
 - i. Number installed (e.g., 535 of measure X, 1498 of measure Y, etc.);
 - ii. Program savings – Therms (1st year); and
 - iii. Incentive \$ spent.

IV. Additional Agreements

A. In addition to matters addressed elsewhere in this Stipulation, the Parties agree that the following matters will be addressed in future discussion and resolution with additional stakeholders:

1. Nicor Gas supports discussions at SAG about On-Bill Financing.

2. Nicor Gas will discuss barriers, solutions, and best practices with stakeholders regarding recruiting customers who are payment troubled (customers at risk of being disconnected, with high arrears, on payment arrangements, or on energy assistance programs) into its IQ energy efficiency programs.
3. Low-Income Advisory Committees: Nicor Gas will continue to participate in the IQ North and IQ South Committees convened pursuant to Section 8-103B(c) of the Act. Nicor Gas and the other Parties agree to support and advocate with utilities and stakeholders to improve the low-income energy efficiency advisory committees, including, but not limited to incorporating some successful learnings from the IQ South Committee into the IQ North Committee, as well as a discussion of best practices of IQ Program implementation strategies.
4. The Parties agree that they will engage in good faith efforts to identify policy mechanisms that could support enhanced investment in both (1) targeting of efficiency programs and services to economically challenged, historically under-served and diverse communities; and (2) the diversification of contractors and trade allies delivering efficiency programs and services. Such policy mechanisms may include, but would not be limited to, the potential to adopt higher net to gross (NTG) assumptions in targeted communities than currently used for programs as a whole (system-wide). Such efforts shall include other utilities and interested stakeholders through the new SAG Subcommittee focused on equity and will be included in updates to the Policy Manual.

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IN WITNESS WHEREOF, the Parties hereto have executed this Settlement Stipulation as of the date last set forth below.

People of the State of Illinois
Kwame Raoul, Attorney General

Staff of the Illinois Commerce Commission

By: _____

By:  _____

Name: _____

Name: Matthew L. Harvey _____

Title: _____

Title: Trial Supervisor, Office of General Counsel _____

Date: _____

Date: February 23, 2021 _____

Natural Resources Defense Council

The Citizens Utility Board

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Environmental Law & Policy Center

Community Organizing and Family Issues

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

IN WITNESS WHEREOF, the Parties hereto have executed this Settlement Stipulation as of the date last set forth below.

People of the State of Illinois
Kwame Raoul, Attorney General

Staff of the Illinois Commerce Commission

By: /s/
Name: Grant Snyder
Title: Assistant Attorney General
Date: 2/23/2021

By: _____
Name: _____
Title: _____
Date: _____

Natural Resources Defense Council

The Citizens Utility Board

By: Laura Goldberg
Name: Laura Goldberg
Title: Midwest Regional Director,
Energy Efficiency for All
Date: 2/23/2021

By: Julie Soderna
Name: Julie Soderna
Title: General Counsel
Date: 2/24/21

Environmental Law & Policy Center

Community Organizing and Family Issues

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

Environmental Law & Policy Center

By: *Tyler Barron*

Name: Tyler Barron

Title: Policy Advocate

Date: 2/25/21

Community Organizing and Family Issues (COFI)

By: 
Karen L. Lusson

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ACES 4 Youth

By: *Gregory Norris*
Name: GREGORY NORRIS
Title: EXECUTIVE
Date: 2/24/2021

Green Power Alliance

By:
Name:
Title:
Date:

Northern Illinois Gas Company d/b/a
Nicor Gas Company

By:
Name:
Title:
Date:

Green Power Alliance

By: *Naomi Davis*

Name: Naomi Davis

Title: Founder & Lead Steward

Date: 2/25/2021

ACES 4 Youth

By: _____

Name: _____

Title: _____

Date: _____

Green Power Alliance

By: _____

Name: _____

Title: _____

Date: _____

Northern Illinois Gas Company d/b/a
Nicor Gas Company

By: Meena Beyers

Name: Meena Beyers

Title: VP Business & Community Dev.

Date: 2-23-2021