



**Date:** January 14, 2014

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

***Program Year 4, 2<sup>nd</sup> Quarter Qualitative Report, September-November 2014***

Pursuant to the Illinois Commerce Commission (“Commission”) final order in Docket No. 13-0550, attached is the Program Year 4 (PY4), Second Quarter (2Q) qualitative report accompanying the PY4, 2Q quantitative report detailing program results from a savings and cost perspective.

By utility and each of the five programs in the portfolio, the following is summarized:

- a. Program activities
- b. Implementation modifications
- c. Additions or discontinuation of specific measures or services
- d. Changes due to EM&V Input, TRM changes, NTG changes, or market research findings, and
- e. TRC screening results for new measures added.

The Peoples Gas Light and Coke Company (PGL) program highlights begins on Page 2, and North Shore Gas Company (NSG) program highlights begins on Page 6.

# Peoples Gas

## Portfolio Performance Overview

- Strong Q2 performance: 49% realized savings of PY4 goal to date.
- Work continued throughout Q2 as we prepare to introduce new program measures, notably air sealing for residential customers in and air sealing and weatherization for multi-family (MF) customers. Work also continued preparing for the launch of a new construction program within the small business, MF and business programs.
- Certain offerings were modified to manage the portfolio budget through PY4. The intention is to keep all programs open for market consistency. Active management of all programs is needed to ensure no individual program over-subscribes and depletes funds before the end of the PY4.

### 1. Residential Programs

#### a. Program Activities

- The PGL Residential Programs (Home Energy Jumpstart and Home Energy Rebates) achieved 38% realized savings through Q2 for PY4.
- Ramping up Home Energy Jumpstart activity compared to PY3; completed service to 2,165 homes in PY4 Q2 vs 1,360 in PY3 Q2 (60% increase).
- Rebate submissions are closely following the planned forecast for PGL.

#### b. Implementation Modifications

- Reduced furnace rebate from \$350 to \$200 as of 11/1/2014 in order to slow participation and manage incentive budget.

#### c. Addition or Discontinuation of Specific Measures or Services

- None during Q2

#### d. Changes due to EM&V Input, IL TRM changes, NTG change, market research findings

- None during Q2

#### e. For new measures added, TRC screening results

- None during Q2

## **2. Multi-Family Programs**

- a. Program Activities
  - The PGL Multi-Family Programs (Direct Install, Prescriptive, Partner Trade Ally, Custom, and Custom Optimization) achieved 98.3% realized savings through Q2 for PY4.
- b. Implementation Modifications
  - None during Q2
- c. Addition or Discontinuation of Specific Measures or Services
  - Expanded single pipe steam boiler averaging controls and system balancing with improved venting to include two-pipe steam systems.
- d. Changes due to EM&V Input, IL TRM changes, NTG change, market research findings
  - None during Q2
- e. For new measures added, TRC screening results
  - Two-pipe steam averaging controls: 1.45 in PGL PY4
  - Two-pipe steam system balancing with improved venting: 5.03 in PGL in PY4

## **3. Residential Outreach and Education Programs**

- a. Program Activities
  - Savings and spend for these programs will lag, as planned, until the end of program year due to program design
  - Home Energy Reports delivery is underway as of Q2 to 144,000 PGL customers and will continue through Q3.
  - Elementary Education program (joint program with ComEd) launched in classrooms 11/21/14, and is targeting 4,250 students in the PGL territory.
- b. Implementation Modifications
  - None during Q2
- c. Additions or Discontinuation of Specific Measures or Services
  - None during Q2
- d. Changes due to EM&V Input, IL TRM changes, NTG change, market research findings
  - None during Q2

- e. For new measures added, TRC screening results
  - None during Q2

#### **4. Business Programs**

- a. Program Activities
  - The PGL Business Programs (Direct Install, Engineering Studies, Prescriptive, Custom, and Custom Optimization) achieved 45% realized savings through Q2 for PY4 and is performing on forecast for the year.
- b. Implementation Modifications
  - None during Q2
- c. Additions or Discontinuation of Specific Measures or Services
  - None during Q2
- d. Changes due to EM&V Input, IL TRM changes, NTG change, market research findings
  - None during Q2
- e. For new measures added, TRC screening results
  - None during Q2

#### **5. Small Business Program**

- a. Program Activities
  - The PGL Small Business Programs (Energy Assessment and Direct Install, Prescriptive, Partner Trade Ally, and Custom) achieved 43.9% realized savings through Q2 for PY4.
- b. Implementation Modifications
  - Capped boiler tune-up rebates at \$500
  - Capped steam pipe insulation at 250 feet without program authorization
- c. Additions or Discontinuation of Specific Measures or Services
  - Discontinued small valve, small fitting, domestic hot water pipe insulation rebates
  - Added process boiler tune-up measure rebate
- d. Changes due to EM&V Input, IL TRM changes, NTG change, market research findings

- None during Q2
- e. For new measures added, TRC screening results
- Process boiler tune-up measure: 0.57 in PY4

## North Shore Gas

### Portfolio Overview

- Strong Q2 performance: 44% realized to PY4 goal .
- Good progress made toward launching new measures, notably air sealing for residential and multi-family customers and new construction for small business, multi-family and business customers for 2015.
- Certain offerings were modified to manage the portfolio budget through PY4. Further, certain offerings are temporarily suspended during the second half of PY4. The intention is to keep all programs open for market consistency. Active management of all programs is needed to ensure no individual program, component or measure over-subscribes and depletes funds before the end of the PY4.
- Some budget and term shifts were needed to balance overall portfolio achievement with incentive budgets, as outlined below within specific program updates.

#### 1. Residential Programs

##### a. Program Activities

- The NSG Residential Programs (Home Energy Jumpstart and Home Energy Rebates) have achieved 101.8% realized savings through Q2 for PY4.
- Significantly increased Home Energy Jumpstart activity compared to PY3; completed service to 405 homes in PY4 Q2 vs 165 in PY3 Q2 (245% increase).
- Rebate submissions and incentive spend are ahead of the planned forecast for NSG, resulting in the need to reduce program activity for the remainder of PY 4.

##### b. Implementation Modifications

- Reduced furnace rebate from \$350 to \$200 as of 11/1/2014 in order to manage participation and incentive budget.
- Shifted \$29,834 from Business implementation budget to the Residential implementation budget due to strong performance and demand in the Residential sector.

##### c. Addition or Discontinuation of Specific Measures or Services

- None during Q2

##### d. Changes due to EM&V Input, IL TRM changes, NTG change, market research findings

- None during Q2

## **2. Multi-Family Programs**

### **a. Program Activities**

- The NSG Multi-Family Programs (Direct Install, Prescriptive, Partner Trade Ally, Custom, and Custom Optimization) achieved 28.5% realized savings through Q2 for PY4.
- Completed outbound call campaign in NSG to drive additional participation.

### **b. Implementation Modifications**

- Shifted \$35,289 (in MF incentives to Business incentives due to the strong performance and demand from the Business sector and to balance out overall NSG portfolio performance.

### **c. Addition or Discontinuation of Specific Measures or Services**

- Expanded single pipe steam boiler averaging controls and system balancing with improved venting to include two-pipe steam systems.

### **d. Changes due to EM&V Input, IL TRM changes, NTG change, market research findings**

- None during Q2

### **e. For new measures added, TRC screening results**

- Two-pipe steam averaging controls: 1.40 in NSG PY4
- Two-pipe steam system balancing with improved venting: 4.86 in NSG in PY4

## **3. Residential Outreach and Education Programs**

### **a. Program Activities**

- Savings and spend for these programs will lag, as planned, until the end of program year due to program design
- Home Energy Report delivery is underway as of Q2 to 87,000 NSG customers and will continue through Q3.
- Elementary Education program (joint program with ComEd) launched in classrooms 11/21/14, and will target 700 students in the NSG territory.

### **b. Implementation Modifications**

- None during Q2

### **c. Additions or Discontinuation of Specific Measures or Services**

- None during Q2

- d. Changes due to EM&V Input, IL TRM changes, NTG change, market research findings
  - None during Q2.
- e. For new measures added, TRC screening results
  - None during Q2

#### **4. Business Programs**

- a. Program Activities
  - The NSG Business Programs (Direct Install, Engineering Studies, Prescriptive, Custom, and Custom Optimization) have achieved 84.6% of realized savings through Q2 for PY4.
- b. Implementation Modifications
  - None during Q2
- c. Additions or Discontinuation of Specific Measures or Services
  - None during Q2
- d. Changes due to EM&V Input, IL TRM changes, NTG change, market research findings
  - None during Q2
- e. For new measures added, TRC screening results
  - None during Q2

#### **5. Small Business Program**

- a. Program Activities
  - The NSG Small Business Programs (Energy Assessment and Direct Install, Prescriptive, Partner Trade Ally, and Custom) achieved 101.9% realized savings through Q2 for PY4.
  - Limiting program outreach to stay within remaining incentive budget
- b. Implementation Modifications
  - Capped boiler tune-up rebates at \$500
  - Capped steam pipe insulation at 250 feet without program authorization



- c. Additions or Discontinuation of Specific Measures or Services
  - Discontinued small valve, small fitting, and domestic hot water pipe insulation rebates
  - Added process boiler tune-up rebate
  
- d. Changes due to EM&V Input, IL TRM changes, NTG change, market research findings
  - None during Q2
  
- e. For new measures added, TRC screening results
  - Process boiler tune-up: 0.57