



Date: January 11, 2016

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

Program Year 5, 2nd Quarter Qualitative Report, September-November 2015

Pursuant to the Illinois Commerce Commission (“Commission”) final order in Docket No. 13-0550, attached is the Program Year 5 (PY5), Second Quarter (2Q) qualitative report accompanying the PY5, 2Q quantitative report which details 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 discontinuations 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 begin on Page 2; North Shore Gas Company (NSG) program highlights begin on Page 6.

Peoples Gas

Portfolio Performance Overview

- At 50% through PY5, the Peoples Gas Natural Gas Savings Programs have achieved 17% realized savings, utilizing 31% of the budget.
- We have a strong portfolio pipeline (91% realized and pipeline) and expect strong performance in Q3 in conjunction with the advent of the heating season.

1. Residential Programs

a. Program Activities

- The PGL Residential Programs (Home Energy Jumpstart and Home Energy Rebates) achieved 36% realized savings through Q2 for PY5. The Home Energy Jumpstart Program accounted for 71% of Residential Program savings realized during Q2. As anticipated, the Home Energy Rebate program contributed a greater proportion to overall savings as Rebate Program participation increased in Q2.
- Home Energy Jumpstart average therm savings per home remains consistent from Q1 to Q2 at 61 therms per home. This continues the trend of higher therm savings per home in PY5 as compared to an average of 48 therms saved per home in PY4. This increase is primarily attributable to additional thermostat installs (new programmable thermostat installations and re-programming of existing thermostats).

b. Implementation Modifications

- At the end of Q2, the Weatherization portion of the Home Energy Rebate program became a joint offering with ComEd. The incentive budgets for air sealing, attic insulation, and duct sealing are now shared between Peoples Gas and ComEd to enable a more cost-effective use of incentives.

c. Addition or Discontinuation of Specific Measures or Services

- None during Q2

d. Changes Due to EM&V Input, IL TRM Changes, NTG Changes, or Market Research Findings

- None during Q2

e. For New Measures Added, TRC Screening Results

- As in Q1, a Smart Thermostat measure is currently being reviewed by Navigant. No TRC or savings values have yet been deemed.

2. Multi-Family Programs

a. Program Activities

- The PGL Multi-Family Program (Multi-Family Jumpstart, Prescriptive, Partner Trade Ally, Custom and Gas Optimization Programs) delivered strong results in Q2. Trade Ally promotion of Multi-Family Jumpstart has helped to maintain a steady stream of direct install projects during a quarter that has historically been slower than the rest.
- At the mid-point of the program year, the program has achieved 52% realized savings. With the pipeline, savings through Q2 account for 75% of the Multi-Family Program savings goal.

b. Implementation Modifications

- For Partner Trade Allies that have engaged more than 500 tenant units in the Multi-Family Jumpstart Program during Program Year 5, the steam pipe insulation incentive cap was raised from 250 feet to 500 feet. This increase has helped motivate contractors to become Partner Trade Allies, and to continue to bring new DI opportunities to the program.

c. Addition or Discontinuation of Specific Measures or Services

- None during Q2

d. Changes Due to EM&V Input, IL TRM Changes, NTG Changes, or Market Research Findings

- None during Q2

e. For New Measures Added, TRC Screening Results

- None during Q2

3. Residential Outreach and Education Programs

a. Program Activities

- Home Energy Report mailings have begun for PY5 as the heating season is now underway.
- The Elementary Education Program enrolled over 4,000 students in Q2, and will continue to enroll teachers in Q3 to meet or exceed the goal of 4,250 kits.

- 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 Changes, or 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 (Jumpstart, Engineering Studies, Prescriptive, Custom, and Gas Optimization) achieved 6% realized savings through Q2. Total pipeline and realized savings through Q2 account for 93% of the PY5 Business Program savings goal.
- 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 Changes, or Market Research Findings
 - None during Q2
- e. For New Measures Added, TRC Screening Results
 - None during Q2

5. Small Business Programs

- a. Program Activities
 - The PGL Small Business Programs (Energy Assessment and Direct Install, Prescriptive, Partner Trade Ally, and Custom) achieved 24% realized savings

in Q2. Total pipeline and realized savings through Q2 account for 45% of the program savings goal.

- Bonus rebates are temporarily available for new Partner Trade Allies registered with the programs from September 1, 2015 through January 31, 2016.

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

North Shore Gas

Portfolio Overview

- At 50% through PY5, the North Shore Gas Natural Gas Savings Programs have achieved 12% realized savings, utilizing 36% of the budget.
- We have a strong portfolio pipeline (85%) with a majority of savings in the North Shore Gas territory delivered via Home Energy Rebates, Home Energy Reports, and the Business programs. Those savings are not realized until late in each program year (Q3 for Home Energy Rebates and Q4 for Home Energy Reports and large C&I Projects) and expect good performance in conjunction with the advent of the heating season.

1. Residential Programs

a. Program Activities

- The NSG Residential Programs (Home Energy Jumpstart and Home Energy Rebates) achieved 39% realized savings through Q2 for PY5. The Home Energy Rebate program has contributed 75% of total Residential Program savings.
- Home Energy Jumpstart average therm savings per home remains consistent from Q1 to Q2 at 58 therms per home. This continues the trend of higher therm savings per home in PY5 as compared to an average of 48 therms saved per home in PY4. This increase is primarily attributable to additional thermostat installations (new programmable thermostat installations and re-programming of existing thermostats).

b. Implementation Modifications

- At the end of Q2, the Weatherization portion of the Home Energy Rebate program became a joint offering with ComEd. The incentive budgets for air sealing, attic insulation, and duct sealing are now shared between North Shore Gas and ComEd to enable a more cost-effective use of 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 Changes, or Market Research Findings

- None during Q2

- e. For new Measures Added, TRC Screening Results
 - As in Q1, a Smart Thermostat measure is currently being reviewed by Navigant. No TRC or savings values have yet been deemed.

2. Multi-Family Programs

- a. Program Activities
 - The NSG Multi-Family Program (Multi-Family Jumpstart, Prescriptive, Partner Trade Ally, Custom and Gas Optimization Programs) delivered strong results in Q2. This increase in activity during Q2 can be attributed to Energy Advisor outreach to promote Jumpstart and boiler averaging control rebates.
 - At the mid-point of the program year, the program has achieved 81% realized savings. Total pipeline and realized savings through Q2 account for 89% of the Multi-Family Program savings goal.
- b. Implementation Modifications
 - For Partner Trade Allies that have engaged more than 500 tenant units in the Multi-Family Jumpstart Program during Program Year 5, the steam pipe insulation incentive cap was raised from 250 feet to 500 feet. This increase has helped motivate contractors to become Partner Trade Allies, and to continue to bring new DI opportunities to the program.
- c. Addition or Discontinuation of Specific Measures or Services
 - None during Q2
- d. Changes Due to EM&V Input, IL TRM Changes, NTG Changes, or Market Research findings
 - None during Q2
- e. For New Measures Added, TRC Screening Results
 - None during Q2

3. Residential Outreach and Education Programs

- a. Program Activities
 - Home Energy Report mailings have begun for PY5 as the heating season is now underway.

- The Elementary Education Program has exceeded its goal of 700 kits, enrolling 768 students in Q2. The program will consider expanding enrollment for additional schools as requests are received.
- 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 Changes, or Market Research Findings
 - None during Q2
- e. For New Measures Added, TRC Screening Results
 - None during Q2

4. Business Programs

- b. Program Activities
 - The NSG Business Programs achieved 7% of realized savings through Q2. Total pipeline and realized savings through Q2 account for 79% of the program savings goal.
- c. Implementation Modifications
 - None during Q2
- d. Additions or Discontinuation of Specific Measures or Services
 - None during Q2
- e. Changes Due to EM&V Input, IL TRM changes, NTG Changes, or Market Research Findings
 - None during Q2
- f. 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 62% realized savings in Q2. Total pipeline and realized savings through Q2 account for 135% of the program savings goal.

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 Changes, or Market Research Findings

- None during Q2

e. For New Measures Added, TRC Screening Results

- None during Q2