



Date: April 14, 2016

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

Program Year 5, 3rd Quarter Qualitative Report, December 2015-February 2016

Pursuant to the Illinois Commerce Commission (“Commission”) final order in Docket No. 13-0550, attached is the Program Year 5 (PY5), Third Quarter (3Q) qualitative report accompanying the PY5, 3Q 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 the end of the third quarter, the Peoples Gas Natural Gas Savings Programs have achieved 42% realized savings, utilizing 52% of the budget.
- We have a strong portfolio pipeline (131% realized and pipeline) with a considerable amount of those savings expected to close in Q4 through our Home Energy Reports Program and C&I Custom and Gas Optimization Programs.

1. Residential Programs

a. Program Activities

- The PGL Residential Programs (Home Energy Jumpstart and Home Energy Rebates) achieved 67% realized savings through Q3 for PY5. The Home Energy Jumpstart Program has consistently accounted for 71% of Residential Program savings realized throughout PY5. Q3 saw an increase in both Home Energy Jumpstart and Home Energy Rebate programs due to the advent of the heating season and targeted marketing campaigns.
- The Home Energy Jumpstart average therm savings per home in Q3 increased to 66 therms per home from the previous Q1/Q2 average of 61 therms. This increase is primarily attributable to additional thermostat installations (new programmable thermostat installations and re-programming of existing thermostats) and an increase in smart thermostat installations in Q3.

b. Implementation Modifications

- None during Q3

c. Addition or Discontinuation of Specific Measures or Services

- None during Q3

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

- None during Q3

e. For New Measures Added, TRC Screening Results

- None during Q3

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 Q3. Multi-Family Jumpstart saw a large increase in pipeline and the comprehensive portion of the program saw a large increase in realized projects.
- After three quarters, the program has achieved 94% realized savings. With the pipeline, we forecast achieving 125% of the Multi-Family Program savings goal.

b. Implementation Modifications

- The requirement of 200 units to become a Partner Trade Ally was announced as a one-time requirement to the Trade Allies (instead of an annual requirement). This modification has helped motivate contractors to become a Partner Trade Ally as it alleviated their concern to continually submit units in order to maintain their partner status.

c. Addition or Discontinuation of Specific Measures or Services

- None during Q3

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

- None during Q3

e. For New Measures Added, TRC Screening Results

- None during Q3

3. Residential Outreach and Education Programs

a. Program Activities

- Home Energy Report mailings have completed the heating season report mailings. Final reports were sent at the end of February, though behavioral savings will continue to be realized through the end of the program year. Through February, the Home Energy Reports program has achieved 140% of its goal. No savings are realized until the end of the program year, once all savings are finalized.
- The Elementary Education Program completed enrollment in Q3, meeting the goal of 4,250 kits.

- b. Implementation Modifications
 - None during Q3
- c. Additions or Discontinuation of Specific Measures or Services
 - None during Q3
- d. Changes Due to EM&V Input, IL TRM Changes, NTG Changes, or Market Research Findings
 - None during Q3
- e. For new measures added, TRC screening results
 - None during Q3

4. Business Programs

- a. Program Activities
 - The PGL Business Programs (Jumpstart, Engineering Studies, Prescriptive, Custom, and Gas Optimization) achieved 33% realized savings through Q3. Total pipeline and realized savings through Q2 account for 111% of the PY5 Business Program savings goal.
- b. Implementation Modifications
 - None during Q3
- c. Additions or Discontinuation of Specific Measures or Services
 - None during Q3
- d. Changes Due to EM&V Input, IL TRM changes, NTG Changes, or Market Research Findings
 - None during Q3
- e. For New Measures Added, TRC Screening Results
 - None during Q3

5. Small Business Programs

a. Program Activities

- The PGL Small Business Programs (Energy Assessment and Direct Install, Prescriptive, Partner Trade Ally, and Custom) achieved 57% realized savings in Q3. Total pipeline and realized savings through Q3 account for 99% of the program savings goal.

b. Implementation Modifications

- None during Q3

c. Additions or Discontinuation of Specific Measures or Services

- None during Q3

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

- None during Q3

e. For new measures added, TRC screening results

- None during Q3

North Shore Gas

Portfolio Overview

- At 50% through PY5, the North Shore Gas Natural Gas Savings Programs have achieved 39% realized savings, utilizing 63% of the budget.
- We have a strong portfolio pipeline (142%) 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, as planned.

1. Residential Programs

a. Program Activities

- The NSG Residential Programs (Home Energy Jumpstart and Home Energy Rebates) achieved 136% realized savings through Q3 for PY5. The Home Energy Rebate program has contributed 80% of total Residential Program savings.
- As part of the Home Energy Rebate program, Weatherization measures such as attic insulation, air sealing, and duct sealing significantly increased their share of realized therms. Through Q3 these measures made up 37% of all NSG Home Energy Rebate therms. In Q2 these measures only made up 18% of the total program realized therms.

b. Implementation Modifications

- None during Q3

c. Addition or Discontinuation of Specific Measures or Services

- None during Q3

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

- None during Q3

e. For new Measures Added, TRC Screening Results

- None during Q3

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 Q3. This increase in activity during Q3 can be attributed to Energy Advisor outreach to promote the comprehensive program. 100% of the completed projects in NSG territory came from energy advisor outreach.
- After three quarters of the program year, the program has achieved 111% of the reduced modified goal.

b. Implementation Modifications

- The requirement of 200 units to become a Partner Trade Ally was announced as a one-time requirement to the Trade Allies (instead of an annual requirement). This modification has helped motivate contractors to become a Partner Trade Ally as it alleviated their concern to continually submit units in order to maintain their partner status.

c. Addition or Discontinuation of Specific Measures or Services

- None during Q3

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

- None during Q3

e. For New Measures Added, TRC Screening Results

- None during Q3

3. Residential Outreach and Education Programs

a. Program Activities

- Home Energy Report mailings have completed the heating season report mailings. Final reports are sent at the end of February, though behavioral savings will continue to be realized through the end of the program year. Through February, the Home Energy Reports program has achieved 108% of its goal.
- The Elementary Education Program exceeded its goal of 700 kits, enrolling 768 students by the end of Q2. The program is working with Prairie Trail School to enroll additional students and host a local media event. The event is tentatively scheduled for the week of March 21-25.

- b. Implementation Modifications
 - None during Q3
- c. Additions or Discontinuation of Specific Measures or Services
 - None during Q3
- d. Changes Due to EM&V Input, IL TRM Changes, NTG Changes, or Market Research Findings
 - None during Q3
- e. For New Measures Added, TRC Screening Results
 - None during Q3

4. Business Programs

- b. Program Activities
 - The NSG Business Programs achieved 23% of realized savings through Q3. Total pipeline and realized savings through Q3 account for 101% of the program savings goal.
- c. Implementation Modifications
 - None during Q3
- d. Additions or Discontinuation of Specific Measures or Services
 - None during Q3
- e. Changes Due to EM&V Input, IL TRM changes, NTG Changes, or Market Research Findings
 - None during Q3
- f. For New Measures Added, TRC Screening Results
 - None during Q3

5. Small Business Program

a. Program Activities

- The NSG Small Business Programs (Energy Assessment and Direct Install, Prescriptive, Partner Trade Ally, and Custom) achieved 137% realized savings in Q3.

b. Implementation Modifications

- None during Q3

c. Additions or Discontinuation of Specific Measures or Services

- None during Q3

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

- None during Q3

e. For New Measures Added, TRC Screening Results

- None during Q3