

**Illinois Energy Efficiency Stakeholder Advisory Group
Large Group Meeting:
Joint with Income Qualified EE Advisory Committee
Monday, October 26, 2020
10:30 am – 3:30 pm
Teleconference Meeting**

Attendee List and Meeting Notes

Meeting Materials

- Meeting Page: [Monday, October 26](#)
- [Monday, October 26 SAG Agenda](#)
- [SAG Portfolio Planning Process Overview Presentation](#)
- [ComEd 2022-2025 Draft Energy Efficiency Plan Presentation](#)
- [ComEd 2022-2025 Proposed Plan Portfolio Summary Template \(Excel\)](#)
- [Nicor Gas 2022-2025 Energy Efficiency Plan Filing: Proposed Plan Presentation](#)
- [Nicor Gas 2022-2025 Proposed Plan Portfolio Summary Template \(Excel\)](#)
- Reference Materials – Joint Utility Tables (Ameren IL, ComEd, Nicor Gas, PG & NSG):
 - [Energy Efficiency Ideas Tracking Spreadsheet – Oct. Update to Utility Idea Responses \(Excel\)](#)
 - [Cost-Effectiveness Table – Oct. Update to Non-Measure Level Inputs \(Excel\)](#)

Meeting Attendees

Celia Johnson, SAG Facilitator
Samarth Medakkar, Midwest Energy Efficiency Alliance (MEEA) – Meeting Support
Jennifer Alvarado, Franklin Energy
LeAndra Archuleta, Energy Solutions
Matt Armstrong, Ameren Illinois
Jean Ascoli, ComEd
Tyler Barron, Environmental Law & Policy Center
Bob Baumgartner, Leidos
Annette Beitel, Future Energy Enterprises
Kathia Benitez, Franklin Energy
Jordan Berman-Cutler, ComEd
Carmen Best, Recurve
Julie Birchfield, Energy Solutions
Britney Blankenship, Energy Solutions
Brett Bridgeland, Slipstream
Peter Brown, Lighting Transitions
Kate Brown, Elevate Energy
Patrick Burns, Brightline Group
Tisha Burnside, Resource Innovations
Madeline Caldwell, CLEAResult
Ben Campbell, Energy Resources Center, UIC
John Carroll, Leidos
Lauren Casentini, Resource Innovations
Craig Catallo, Franklin Energy
Zenia Chang, ICF
George Chapman, Energy Solutions
Mike Chimack, ICF
Jane Colby, Apex Analytics
Salina Colon, CEDA
Andrew Cottrell, Applied Energy Group
Gary Cushman, Nicor Gas
Erin Daughton, ComEd

Naomi Davis, Blacks in Green
William Davis, Bronzeville Community Development Partnership
Larry Dawson, IL Association of Community Action Agencies (IACAA)
Leanne DeMar, Nicor Gas
Mark DeMonte, Whitt-Sturtevant, on behalf of Ameren IL
Atticus Doman, Resource Innovations
Erika Dominick, Walker-Miller Energy Services
Nick Dreher, MEEA
Gabe Duarte, CLEAResult
Allen Dusault, Franklin Energy
Deb Dynako, Slipstream
Katherine Elmore, Community Investment Corp.
Jeff Erickson, Guidehouse
Lance Escue, Ameren Illinois
Jim Fay, ComEd
Jake Felton, Resource Innovations
Scott Fotre, CMC Energy
Julia Friedman, Oracle
Mike Frischmann, Ecometric Consulting
Diana Fuller, IACAA
Lauren Gage, Apex Analytics
Omayra Garcia, Peoples Gas & North Shore Gas
Aimee Gendusa-English, Citizens Utility Board
Jean Gibson, Peoples Gas & North Shore Gas
Laura Goldberg, NRDC
Jon Gordon, Enervee
Kevin Grabner, Guidehouse
Molly Graham, MEEA
Andrey Gribovich, DNV-GL
Mary Ellen Guest, Chicago Bungalow Association
Kelly Gunn, ComEd
Randy Gunn, Guidehouse
Vince Gutierrez, ComEd
Rich Hackner, GDS Associates
Jim Heffron, Franklin Energy
Dave Hernandez, ComEd
Travis Hinck, GDS Associates
Julie Hollensbe, ComEd
Hannah Howard, Opinion Dynamics
Jeff Hurley, Blue Green Alliance
Michael Ihesiaba, ICF
Tamaira Jackson, Ameren Illinois
Connor Jansen, Slipstream
Jim Jerozal, Nicor Gas
Amy Jewel, Elevate Energy
Mark Johnson, Steptoe
Mary Johnson, Resource Innovations
Cheryl Johnson, People for Community Recovery
Kevin Johnston, Green Homes IL
Maurice Kaiser, Honeywell
Lalita Kalita, ComEd
Haley Keegan, Resource Innovations
Erin Kempster, Energy Solutions
Mike King, Nicor Gas
Catul Kiti, ICF
Jonathan Kleinman, Aiqueous
Paige Knutsen, Franklin Energy
Chester Kolodziej, Northern IL Summits and Expos
Larry Kotewa, Elevate Energy
Derek Kruk, DFK Enterprise
Steven LaBarge, ComEd
Daniel Lach, Thresholds

John Lavallee, Leidos
Sharon Sy Lewis, Meadows Eastside
Bruce Liu, Nicor Gas
Nora Lovrien Buehler, ICF
Ashley Lucier, SEEL
Molly Lunn, ComEd
Karen Lusson, National Consumer Law Center
Sharon Madigan, ComEd
Marlon McClinton, Utilivate
Leanna McKeon, Chicago Housing Authority
Brady McNall, DNV-GL
Rebecca McNish, ComEd
Samarth Medakkar, MEEA
Nishant Mehta, Guidehouse
Gina Melekh, Franklin Energy
Tim Melloch, Future Energy Enterprises
Jennifer Michael, Ameren IL
Mark Milby, ComEd
Abigail Miner, IL Attorney General's Office
Lisa Miranda, Rebuilding Together Metro Chicago
Anne Mitchell, Jenner & Block, on behalf of Nicor Gas
Andy Mitchell, Oracle
Bruce Montgomery
Jennifer Moore, Ameren IL
Jennifer Morris, ICC Staff
Phil Mosenthal, Optimal Energy, on behalf of IL Attorney General's Office
Catherine Mrase, ComEd
Kelly Mulder, ILLUME Advising
Denise Munoz, ComEd
Jackie Nagel, Nicor Gas
Chris Neme, Energy Futures Group, on behalf of NRDC
Rob Neumann, Guidehouse
Yami Newell, Elevate Energy
Dantawn Nicholson, ComEd
Melvin Nicks, ComEd
Victoria Nielsen, Applied Energy Group
Eric O'Neill, Michaels Energy
Maria Onesto Moran, Green Home Experts
Randy Opdyke, Nicor Gas
Antonia Ornelas, Elevate Energy
Angie Ostaszewski, Ameren IL
Ashley Palladino, Resource Innovations
Stacey Paradis, MEEA
Deb Perry, Ameren IL
Hanh Pham, Willdan Energy Solutions
Michael Pittman, Ameren IL
Kristen Pratt Kalamán, Resource Innovations
Beatrice Quach, Resource Innovations
Andrew Rains, IACAA
Joe Reilly, Applied Energy Group
Jenny Riley, Elevate Energy
Zach Ross, Opinion Dynamics
Emma Salustro, ComEd
Anthony Santarelli, Smart Energy Design Assistance Center (SEDAC)
Elena Savona, Elevate Energy
Leah Scull, CLEAResult
Cynthia Segura, Metropolitan Mayors Caucus
Craig Sieben, AECOM
Kristol Simms, Ameren Illinois
Ramandeep Singh, ICF
Grant Snyder, IL Attorney General's Office
Jacob Stoll, ComEd

Mark Szczygiel, Nicor Gas
Harsh Thakkar, Franklin Energy
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Rick Tonielli, ComEd
Chris Townsend, CJT Energy Law
Rob Travis, Cascade Energy
Andy Vaughn, Ameren Illinois
Bridget Williams, Guidehouse
Nate Warren, Resource Innovations
Ted Weaver, First Tracks Consulting, on behalf of Nicor Gas
Karen Weigert, Slipstream
Tiffany Welch, Agentis
Shelita Wellmaker, Ameren IL
David Whittle, Leidos
Peter Widmer, Power Takeoff
Ken Woolcutt, Ameren IL
Grace Wroblewski, Applied Energy Group
Fred Wu, Aiqueous
Scott Yee, Resource Innovations
Cate York, Citizens Utility Board
Angie Ziech-Malek, CLEAResult
Liz Zimmerly, ComEd
Brittany Zwicker, CLEAResult
Jim Dillon, Ameren IL
Christina Pagnusat, Peoples Gas & North Shore Gas
Patricia Plympton, Guidehouse
Arvind Singh, DNV-GL
Chris Vaughn, Nicor Gas

Meeting Notes

Follow-up is indicated **in red** within the notes.

Meeting purpose: The purpose of the Oct. 26-27 meetings is for Illinois utilities to present preliminary draft 2022-2025 EE Plan Portfolios.

SAG Portfolio Planning Process Overview

Celia Johnson, SAG Facilitator

Annette Beitel, Future Energy Enterprises, IQ South Advisory Committee Facilitator

Process Overview

- Objective is to reach consensus, budgets portfolio objectives program ideas, design
- Participants are Large Group joint with IQ North and South Committees
- Final negotiations will take place following end of planning process
- ICC filings for approval on EE plans on or before March 1, 2021

2020 Planning Process Steps to Date

- March: Utilities presented overview of current portfolios
- April: SAG, IQ North and South Committees proposed ideas for portfolios (posted on SAG site)
- May + Early June: EE idea proposals from stakeholders
- June: Utilities provided initial response to ideas
- Addl topics included utility EE potential study results, evaluation planning, COVID-19 impacts and equity hiring and workforce development

Final Planning Process Steps

- October: Utilities present preliminary draft portfolios
- Reviewed Initial Feedback on 2022-2025 EE Portfolios
 - Nov. 16 and 17 meetings
 - Notify Celia no later than Friday, November 6 if you would like to share feedback for the meeting
 - Summary of topics/feedback is due Thursday, Nov 12
- Reviewed Final Negotiations process
 - Begins early December
 - Non-financially interested stakeholders are parties that do not have a financial stake in the utility EE Portfolios (see process rule, pages 9-10 of SAG Process Guidance on SAG website)
 - Key steps:
 - Reach conceptual agreement by January 15
 - Finalize stipulated agreements by end of January
 - Utilities file plans with ICC by March 1

IQ South: Ameren IL and Nicor Gas Update

Annette Beitel, Future Energy Enterprises, IQ South Committee Facilitator

- Reviewed Statutory Directive for IQ South Committee
- IQ Committee feedback is ongoing while SAG process is time limited.
- Certain elements of the next four-year plan will be locked down once plans are filed on March 1, 2021:
 - IQ Program Budgets and Savings Targets
 - Stipulations related to IQ portfolio and programs, and whole portfolio
- Reviewed Small Group CAA/CBO Focus Group Meetings:
 - Organized by the IQ South facilitation team. Both Ameren IL and Nicor have held small group CAA/CBO only meetings.
 - Found that large-group meetings were an intimidating process for receiving feedback. Participants provided feedback on other goals we had for IQ programs, comments on IQ proposals, existing programs that each utility offers, program ideas that have emerged from the IQ South committees.
 - Many ideas are implementation related; some are plan related. We are expecting that several CBOs/CAAs will participate and provide feedback to the SAG group during November meeting.
- **[Chris Neme] Have there been similar conversations in the North IQ Committee?**

ComEd Preliminary 2022-2025 EE Portfolio Plan

Denise Munoz, Molly Lunn, Jacob Stoll, Jim Fay and Rebecca McNish, ComEd

Opening Remarks

- The days of low-hanging fruit are gone. FEJA increased goals for gas and electric utilities. ComEd has one if not the largest EE portfolio in the country. It has continued to grow while providing additional programs.
- We have benchmarked our portfolio and see ways to improve. We've identified that programs are fragmented and can cause some confusion.

- Diversity spend, workforce development and Income Qualified (IQ) programs are a particular focus area. IQ spend for ComEd's Plan 6 nearly doubles the IQ plan budget from Plan 5.
- This Plan also stretches and takes on larger risk than the previous plan. In the end, we need to be creating value to customers, with a clear path to meeting savings goals, and we believe the Plan presented today is that path.

Goals and Budgets

- Post CPAS FEJA framework
- We are in tune with decisions made in Plan 6 that will impact Plan 7
- Goals and Budgets Table
 - Legacy savings have declining contributions
 - Annual incremental goals (AAIG)
 - Additional metrics: First year savings to achieve CPAS and AAIG
 - Budget for next four-year plan is last line item. Budget for Plan 6 increased 7% from Plan 5.

Key Portfolio Changes

- Consolidating programs, reducing the number of programs by streamlining
- Increasing impact in Income Eligible (IE) communities, improve program design and targeting, measure impact
- Emphasis on moving measures upstream. Growing networked lighting controls. Improve efficacy third-party program spend.
- Add new saving opportunities from pilots and market transformation efforts

Overview of Portfolio Consolidation

- Plan 6 is an opportunity to streamline the portfolio; currently ComEd has 36 programs with 15 implementation contractors (IC), this can be confusing for our team and customers
- Eliminate redundancies; increase administrative efficiency
- This does not mean eliminating programs – see consolidated program slide

Cumulative Persisting Annual Savings CPAS Chart

- Portfolio exceeds CPAS goals through Plan 6

Portfolio Summary

- Summary of key metrics
- Note first-year savings, total expiring savings, CPAS goals (expecting to overachieve), budgets, cost/kWh, cost-effectiveness, which has improved. Portfolio WAML has also improved.
- We are meeting all carve-outs and IE spending goals.

Summary of Programs Cost and Savings

- Sorted by segment
- Within each segment, programs are arranged in order of first-year cost

Persisting Savings and WAML

Total Portfolio Savings and Total Portfolio Budget

- Business is the largest segment, followed by Residential and Income Eligible.
- Income Eligible savings represents a five-fold increase from the past portfolio.

TRC Results

- We will continue to look for ways to improve C/E

Income Eligible & Residential Programs

Increasing Impact in Income Eligible Communities

- We spent a lot of time thinking about how we can increase impacts even more in IE communities. In particular, we've been thinking about how we can maximize the impact with the dollars.
- From starting in Q1, we've identified 3 main areas of focus. Design and target, Bridging and Measure Customer Bill Impacts. Through this work we think we'll be able to increase our average program spend.

Reviewed Workstream 1: Design & Target

- Reviewed income eligible and residential program participation analysis 2018/19.
- We found lower than expected participation in programs in areas of greatest need. Only 9% of SF retrofit incentives were going to zip-codes where 70% or more residents are income qualified. In some cases, health and safety issue. It does highlight opportunity to target deepest more comprehensive programs to those who need most.
- Also found residential participation is not occurring in high-density low-income areas.
- Potential financial impacts of programs. We believe that the impacts from comprehensive IE programs high cost will not be significant to the non-IE program overall.

Workstream 1

1. Targeting deepest savings to those who need it: Limit the IE SF program to customers 200% FPL or high arrearages. Overlaps with IHWAP.
 - o Establish more stringent threshold for IE MF (60% of property vs 50% now)
 - o Use the analytics to test targeting strategies to drive participation among the most in need and in high density areas.
2. Shift current residential offerings to income eligible customers
 - o IE customers could be directed to these programs, to get more participation in IE communities.
 - o Sliding scale - based on your need, you would still be getting something
 - o Establish single intake, similar to one-stop-shop.
3. New ways to reach IE customer. Work envisioned in the R&D space.

Workstreams 2 & 3

- More intentions here but less about specific details. Understand that the next four months will work on details here.

- Goal 2: Improving delivery of EE delivery with assistance programs, or other ComEd programs.
- When we pilot the umbrella outreach strategy through CBOs, we are going to sync that with Bill Assistance. Could include training energy assistance staff on energy efficiency. Or incorporating their materials with events in the EA team. Needs to go beyond handout – move toward joint materials or events. Wish more details could be provided but we will work through the next four months.
- Goal 3: Make savings more sustainable and measure and track customer bill impacts more systematically. Ways to follow-up with customers. This is a space where we're open to ideas. It's a new space. Internally, we will try to track what we estimate the bill impacts to be.
- One metric we'd like to track: most customers have applied for an assistance program and how many have applied for efficiency?

Key Changes

- Commitment to funding a coordinated program with IHWAP, goal to get to 100% braided projects within Plan 6.
- Increase spend in multifamily, transitioning current market rate program to focus on IE.
- Coordinating with gas utilities on utility only offerings (outside of IHWAP measures) Ultimately trying to figure how we can best coordinate on the non-IHWAP offerings. Hoping a one stop shop on SF and MF will help achieve this.
- Manufactured Housing served through SF Upgrades. Food-bank IE kit programs. This is a strong offering so we'd like to include this in the regular portfolio.
- Growth of product distribution measures (kits).
- Increase virtual capabilities.

Income Eligible and Residential Summary

- Retail online is still largest contributor, same as in Plan 5.
- Product distribution is second biggest contributor, outpacing HER.
- Substantial increase in IE savings as part of portfolio.

Income Eligible Targeted Spend

- 50% increase from Plan 5 commitment.
- Increased SF/MF comprehensive spend, double from Plan 5.
- MF spend is double Plan 5, including significant IHWAP shift. MF to outpace SF spend.
- IE MF Upgrades line – significant increase due to shift of funds from market rate to income eligible.
- Within IHWAP work, we want to shift that to be fully braided. Currently we don't braid as much with IHWAP dollars. We want to work with CAAs to have all projects braided.

Business & Public Sector Programs: Key Changes

- Expanding program to include 0-200kW sized customers. Up to 700 kW from Public
- Incorporate streetlights
- Growth in foundational programs, incentives, small business and targeted systems
- Targeting large C&I customer through focused EE service provider and

- Expansion of measures
- Blue indicates current joint offerings, coordinated in some fashion.
- Predominantly public sector spend will come from incentive programs.

Business Savings Breakdown by Program

- The chart summarizes where savings are coming from.

[Phil Mosenthal] On targeted systems, you didn't mention SEM. Is that part of your targeted systems or behavior?

[Jacob Stoll] It's under behavior. Targeted systems include retro-commissioning, optimizing systems and industrial process measures.

[Phil Mosenthal] I believe you do a lot of tubular LEDs. Wondering, in the small biz are you also doing that measure?

[Jacob Stoll] We still have a healthy portion of small business that is lighting.

[Phil Mosenthal] Is it dominated by tubular LED replacement or are you trying to get new fixtures and controls?

[Jacob Stoll] We can circle back. We do emphasize deeper lighting measures.

Approach for Third Party Programs

- Take learnings from Plan 5 to improve efficiency.
- The 11 Third Party programs have seemed to cause some duplication and redundancies, especially in C&I side. Has led to some admin inefficiencies – separate reporting, contracting, etc. This is a challenge.
- Several bidders overestimated their projected impact, cost-effectiveness and many required hand-holding to stand-up offerings.
- In Plan 6, we propose RFP be more targeted; focus on industrial systems and Retro-Commissioning. These fit well together and can be overseen well.
- Set aside a minimum of \$25M administered by one or two vendors.
- We are very open to new ideas and approaches in this space, especially on the industrial systems side.

[Phil Mosenthal] I'm nervous that by restricting to industrial systems and retro commissioning, you may hinder innovative ideas that may be out there. Would like to discuss further.

[Jacob Stoll] We got ideas submitted related to this and willing to think through how to do it. Balance the innovation while making sure it doesn't lead to redundancy.

Portfolio-Level Overview

- R&D will include ET (emerging tech) and MT (market transformation). Increase the impact of EE portfolio and lower cost.
- To put more money in other programs and meet savings goals, we will be spending less in R&D. Gradual stepdown.
- Themes: best in class program design, MT focus and new measures.

- Based on plan 5 experience, 9 million is probably sufficient.

Equity Hiring and Workforce Development

- We feel we can do more here.
- One way can be to set aside dedicated funding to be more intentional. A modest budget will be able to support expanding initiatives.
- Currently 1 million each year.

Other Key Areas

- We looked at the issues stakeholders have expressed interest in over the years. In terms of solicitation for ideas in the last 6 months, 13 of the ideas are now being evaluated. Other ideas are more operational in nature. Eye towards having something new in 2022. All ideas have feedback on in the spreadsheet.

Midstream/Upstream

- In plan 6, we will be adding commercial HVAC, Res HVAS and CFS jointly with gas utilities. Planning more growth in plan 6, some groundwork will be needed.

HVAC Participation

- Anticipated 6-year trend. Anticipating larger growth in SEER 6 ACs and Ductless HP. Growth through midstream channel.

Residential Lighting

- Looking at residential market, we know that the number of sockets available is a declining number, so programs need to account for this.
- In 2019, in response to the anticipated EISA standard, we reduced our commitment to residential lighting.
- We see going out to 2025 that we will recommit to Res lighting. We see the historical market share being recovered. We had 50% of the transactions in ComEd's service territory. On IE side we were doing 90%.
- We see residential lighting going back to historical levels.

Advanced Power Strips

- This is something stakeholders have asked about.
- We're at over 1 million power strips. This is ambitious but only represents a 50% increase over today.
- Offered within 11 programs in portfolio, opportunity for marketing.

Commercial Lighting Controls

- We looked at what other utilities are doing, forecasts on the industry.
- Our goal is optimistic but achievable.
- By the end of plan 5, we will have achieved 77% spend goal.
- Small Business and Standard programs are growth areas.
- **If there is interest, we can talk offline to dig into what we're doing, what we're seeing in the marketplace, and assumptions.**

[Chris Neme] I would like to have that conversation. I believe New England utilities are approaching this with upstream incentives or fixtures with integrated controls, as well as downstream for custom, whole building projects. Have you considered this? May be opportunities upstream, more participation.

[Jim Fay] We have gone back and forth on that. Should controls be embedded in fixtures, opportunity to move upstream. In Plan 6 we assume we would not do that. If market presents us with opportunity, it may make sense to do that.

[Chris Neme] Recent data that my colleague shared with me, 200 network lighting control projects, suggested the operating hours are greater than currently assumed in TRM. There may be technical opportunities to adjust savings.

[Jim Fay] There was some frustration during the TRM update process related to NLC. More projects out there would give us more confidence in numbers.

Reviewed Therms

- Compared to evaluation in 2019. About one third of savings comes from IE and another third from Thermostats. We see this continuing.
- The total number of therms well exceeds the 10% cap that we can convert, so we are dealing with a surplus of therm savings.

[Karen Lusson] To me, this shows why it's important that IQ weatherization be joint. My reading of the statute is that this was about enabling additional savings on gas measures because gas companies don't have same budget as electric, which is particularly true for weatherization. If IHWAP was truly joint, there would be less of a need for ComEd to claim therms.

[Molly Lunn] We have a lot more resources. If we had all programs be joint, that would reduce therms here but we still claim a lot of therms from the MF work with Peoples Gas in IQ space. Gas can't match spend there. Simply, we have more therms than cap allows them to be claimed.

[Karen Lusson] But certainly this would be minimized if gas truly ran joint programs with ComEd. What should be a naturally occurring joint program is not being run jointly. Bothersome that there would still be parallel programs not joint, doubtful that Commission would approve. Would hope that companies make it a reality.

[Molly Lunn] Thank you for sharing feedback.

[Phil Mosenthal] I noticed there are about half as many therms available on the IE MF program as there was in 2019. Are you ramping down the non-IHWAP portion of that program? It seems that if you're ramping up spend in MF, there would be more therms to claim.

[Molly Lunn] I understand what both you and Karen are saying. We may need to break this into more detail as it's more complicated.

Avoided Costs

- We updated the SAG in June on our inputs to cost-effectiveness calculations.
- Since June, we've updated our 2021 avoided costs. This is what the TRC is based on.

- We are now joining the rest of the IL utilities in going to an annual avg avoided cost. This is our first year of transitioning to an annual average.
- The TRC does not include any NEIs so far. We have additional data that we will include in another set of TRCs, includes NEIs including avoided carbon cost.
- The utilities spent time this summer, pursuant to an ICC Staff request, to make carbon calculations consistent.

Summary and Next Steps

- Draft Plan 6 meets statutory goals, stretches in key stakeholder ask areas, and takes on larger risks than previous plans; key elements include:
 - CPAS goals met and increase to WAML
 - Consolidated programs, to reduce customer confusion and administrative burden
 - Significant increase in Income Eligible spend, including in comprehensive programs and for multifamily customers
 - Movement of measures upstream and new savings opportunities
- Portfolio has risks – lighting, IE spend ramp up, savings to be claimed from MT programs
- Getting here has not been easy and margins are relatively small
- We look forward to hearing feedback from Stakeholders in November, and in the meantime, please do not hesitate to reach out with questions

Nicor Gas 2022-2025 Preliminary EE Plan Portfolio

Randy Opdyke, Nicor Gas and Ted Weaver, First Tracks Consulting

Introductions and Presentation Agenda

- Proposed plan
- Program design and key changes
- Portfolio sector and program results
- Review recommendations
- Policy items

Proposed Plan Overview

- 7 Portfolio Design Objectives
- Portfolio and Program Structure
 - Not far off from current plan. 3 main sectors – Res, IQ and Business.
 - Manage, market, evaluate, innovate (ET & MT)
 - Doing this together with the other IL utilities

Program Offerings Mirror Existing Portfolio

- Key takeaway – a lot of what we're offerings continues from last plan cycle. Blue colored programs indicate new offerings.
- Batch files provide greater visibility.
- Note new offerings in IQ cycle.
- Note: Acronyms are highlighted in the slides; see slide 19.
- We see opportunities to incorporate innovation in all these programs. IE has the same opportunities to innovate.

Budget Increases from Existing Portfolio

- \$23 M increase for overall budget. Budget increase invested in Res Wx and IQ. Want to make more investment in direct IQ and Residential.

[Q] Is “Direct IQ” referring to Direct Install?

[Randy Opdyke] No, that refers to dedicated IQ dollars.

[Phil Mosenthal] I noticed portfolio is going up 11%, but total budget is 114%. Does that mean you’re increasing non-program costs?

[Randy Opdyke] Mostly due to evaluation, Emerging Tech, Market Transformation. Reduction is marketing and managing portfolio.

Comprehensive and Balanced Plan

- Statutorily required to offer programs to all customer classes.
- Extensive customer engagement – over two plan cycles, we will have touched many of their customers.
- Key outcomes:
 - GHG reduction
 - Economic impact
- Innovation: Emerging Tech Pilots
 - Reviewed technologies we are looking at

Spending and Savings

- Graph indicates budgets going up but savings going down. We will explain the reasons for this.

Large Customers Can No Longer Opt Into Portfolio

- Starting in 2020, all large gas customers are exempt and cannot opt in. As budget goes up, savings may decline, because we can’t engage these customers. And it’s harder to reach other customers. These were large companies.

Larger Commitment to Income Qualified (IQ)

- The budget for IQ is 5 times more compared to how we deliver other programs
- When Nicor Gas filed the last Plan, we received inaccurate information from DCEO. Translated into cost understated and savings overstated. Now, over the past several years in implementation, we have more details related to savings and costs. But savings will decline.

Program Design and Key Changes

- Noted substantial delivery approach and key changes for each program.

Income Qualified Programs and Measures

- Four programs. In weatherization, there are multiple channels. Includes key measures that offerings touch. Excited to invest more money in here and engage more in this sector. Note joint programs or coordinated programs.

- Flexibility in weatherization programs is key.
- Opportunities for innovation and MT measures for IQ.

Business Programs and Measures, Delivery Approach and Key Changes

- Note public and private and joint/coordinated with other utilities.

Portfolio, Sector and Program Results

- Reviewed Balancing the Portfolio Under Section 8-14 Requirements
- Optimize money spent under cap

Reviewed Current vs Proposed Plan Budget and Savings

- Note increase in annual budget, by sector
- More realistic savings than listed for IQ.
- Majority lifecycle savings come from res and business

Current vs Proposed Cost/Therm and WAML

- Note cost increase for IQ. DCEO data for current plan was not accurate. Proposed plan cost is more accurate.

Proposed Plan for Residential Programs

- Note HEER contribution to lifecycle savings

[Chris Neme] The HES program has DI and ASI component? Just the latter that is building envelope, so how does that break down in the program?

[Randy Opdyke] Yes. Slide later shows overall investment related to that.

[Phil Mosenthal] And that breaks out for MF?

[Randy Opdyke] Possibly. Batch files that will be shared will contain this breakdown. We can follow-up.

Income Qualified Spending

- Reviewed 8-104 statutory requirement. See chart. Larger investment than what is required.
- IQ IHWAP, Healthy Homes, contractor channel
- Largest investment in single program
- Note PHA is expensive. Great measure life, however.
- New Wx kits with outstanding measure life.

[Laura Goldberg] Do you have a breakdown for IQ Wx for SF and MF?

[Randy Opdyke] Not in these slides, but in our batch files, it breaks this down.

Business Sector Budget and Savings and Cost/Therm and WAML

- Improvement in cost efficiency of small business from last plan
- Most cost-efficient portfolio sector

Cost-Effectiveness by Program

- Based on 2022-25 avoided costs
- Consistent method with other utilities for the GHG and NEI adders
- More cost-effective than current portfolio

Stakeholder Recommendations

- **Response to suggestion to increase IQ spending:** Nicor Gas has proposed a significant increase to IQ budgets, far exceeding 8-104 minimum requirements. Intentional spending.
- **Response to Suggestion to Increase Weatherization Spending:** Costs have gone up because ComEd won't be contributing (to non-income qualified weatherization). There are fewer savings, but we are committed to this sector. We're willing to increase our comprehensive SF and MF budget by 70%.
 - Converting kwh cost savings without ComEd cost-share.
 - Various scenarios depicted in graph
 - Increased investment
 - Delivering more life-cycle therms compared to NRDC approach
 - Engaging more customers

[Chris Neme] A side conversation would be useful; it would be helpful for me to understand how you come to the analytical conclusions. What do you mean about converting savings where ComEd is not cost-sharing? You're converting kWh savings to Therms?

[Randy Opdyke] Yes

[Chris Neme] Is that true across the board for joint programs? We should follow-up.

[Karen Lusson] Is this a non-income qualified program?

[Randy Opdyke] Yes, this is non-income qualified weatherization. SF and MF outside IQ. SF weatherization is not cost-effective for ComEd, so gas covering whole cost. MF is still joint.

Weatherization Program Design

- Nicor's strategy is more cost-effective
- More outreach, drive participation
- Integrate On Bill Financing
- Reviewed benefits of Nicor approach
- Graphs demonstrate how stakeholder recommendations would upset the balance of portfolio due to budget cap.

Policy Item #1: Adjustable Savings Goal for NTG

- Nicor has 3 programs that encompass over 10% of goal.
- We did a simple broad-brush analysis using scenarios.
- What would happen if NTG dropped in worst-case across all programs? Nicor would lose 12% of therms.
- For bigger programs, risk is reduced. But the three programs are the riskiest.

Policy Item #2: Converting Unclaimed Electricity Savings

- Allow Nicor to convert electricity and other fuels savings towards therm goal.
- FEJA converts kWh savings at the site. Convert at the source would be a better way. Protects Nicor where partners can't commit.

[Chris Neme] On electric side, the statute sets goals. But for gas, you get to set the goals you think you can achieve. Why do you need this in that context?

[Ted Weaver] Look what happened this year. Those goals were set, assuming ComEd would pay a certain amount for programs. But ComEd was unable to continue (with single family weatherization, for example). Therefore, Nicor's program costs went up while savings goal remained the same. Nicor was left struggling to achieve goals. This gives more flexibility in both directions – utilities joining or dropping programs.

[Chris Neme] This is another risk hedge?

[Ted Weaver] Yes.

[Chris Neme] Let's follow-up, I have some concerns about this.

Closing and Next Steps

Celia Johnson, SAG Facilitator

- The SAG meetings on Monday, Nov. 16 and Tuesday, Nov. 17 will provide an opportunity for initial feedback on preliminary 2022-2025 EE Portfolios, prior to final negotiations between utilities and non-financially interested stakeholders.
 - **Due Date for Feedback Notification:** If you have feedback to share on preliminary 2022-2025 Utility EE Portfolios and would like to present during the November 16-17 meetings, please notify Celia Johnson by email: Celia@CeliaJohnsonConsulting.com **no later than Friday, Nov. 6**. This notification is needed to organize agendas.
 - **Due Date for Completed Feedback Template: By Thursday, November 12**
 - Completed feedback templates will be circulated to attendees before the November meetings.
 - Please note: You may create a PowerPoint presentation instead of filling out a template. Creating a presentation is not required.
- Utilities will follow-up individually on the questions below.

Summary of Questions for ComEd

1. Chris Neme: Is ComEd doing anything similar to IQ South (for IQ North) regarding CBO and CAA feedback?
2. Phil Mosenthal: Interested in talking more about Third Party process.
3. ComEd to follow-up with Chris Neme for deeper dive on networked lighting controls
4. ComEd to breakdown portfolio therms conversion in more detail; Karen Lusson and Phil Mosenthal raised questions
5. Phil Mosenthal: Is small business dominated by tubular LED replacement or is ComEd trying to get new fixtures and controls?
6. Jim Jerozal: For residential smart technologies, does that include fuel conversions for heat pumps?

Summary of Questions for Nicor Gas

1. Chris Neme and Phil Mosenthal: Interested in building envelope breakdown within programs, both single family and multi-family.
2. Laura Goldberg: Interested in a breakdown for IQ weatherization, for single family and multifamily.
3. Follow-up needed with NRDC:
 - a. Discuss how Nicor came to the analytical conclusions (related to responding to NRDC's recommendation on increasing non-IQ weatherization spend).
 - b. Follow-up on policy proposal to convert unclaimed electricity savings.
 - c. How many assessments were done in the early years where there was no follow through on deeper projects?
4. Karen Lusson: Interested in an update on equity hiring / diversity. Looking for real, tangible commitments on how to increase contracting opportunities. Not just multiple layers of contracting, but real opportunities to access tier 1 contracts.
5. Jennifer Morris:
 - a. What is the collar Nicor is proposing for the NTG policy?
 - b. Clarification needed on what it means by "Apply HEER HVAC as one offering" on their Adjustable Savings Goals for NTG slide. In particular, can they provide a mathematical example?