Illinois EE Stakeholder Advisory Group
Large Group SAG Meeting

Tuesday, October 8, 2024
10:00 am – 3:00 pm
In-person Meeting with Teleconference Option

Attendees and Meeting Notes

Meeting Materials

- Tuesday, October 8 SAG Agenda
- ComEd Presentation: Draft 2026-2029 EE Plan
- Peoples Gas & North Shore Gas Presentation: Draft 2026-2029 EE Plan

Attendees

Name	Company or Organization
In-Person Attendees	
Celia Johnson	SAG Facilitator (Celia Johnson Consulting)
Jane Anderson	Inova Energy Group (SAG Meeting Support)
Paige Knutsen	MEEA
Denise Munoz	ComEd
Elder Calderon	ComEd
Ken Walczak	DarkSky International
Kari Ross	NRDC
Matt Ludwig	ComEd
Minya Coleman	ComEd
Heidi Gorrill	Slipstream
Barb Ryan	Applied Energy Group (AEG)
Devin Wall	Louvers International
Abigail Miner	IL Attorney General's Office
Omy Garcia	Peoples Gas & North Shore Gas
Matt Armstrong	Ameren Illinois
Shawn Haas	Peoples Gas & North Shore Gas
Jarred Nordhus	Peoples Gas & North Shore Gas
Fletcher Kirric	Peoples Gas & North Shore Gas
Kelly Kiopp	Peoples Gas & North Shore Gas

Name	Company or Organization
Danish Murtaza	Peoples Gas & North Shore Gas
Laura Agapay-Read	Guidehouse
Jim Heffron	Energy Solutions
Kim Janas	IL Attorney General's Office
Stevie Rosen	Bidgely
Lilieric Florez	Peoples Gas & North Shore Gas
Caty Lamadrid	Inova Energy Group
Zachary Froio	Applied Energy Group (AEG)
Christina Frank	Peoples Gas & North Shore Gas
Jean Gibson	Peoples Gas & North Shore Gas
Virtual Attendees	
AJ Young	U.S. Greenlink
Aaron Byrns	Michaels Energy
Abdul Hadi Ayoub	Resource Innovations
Adam Castillo	Walker-Miller
Adam Knickelbein	No Organization Identified
Adam Koch	Michaels Energy
Amir Haghighat	No Organization Identified
Andrew Braatz	Franklin Energy
Andrew Cottrell	ScottMadden
Andrey Gribovich	DNV
Andy Vaughn	Leidos
Antonia Ornelas	Elevate
Ashley Palladino	Resource Innovations
Bruce Liu	Nicor Gas
Becca McNish	DNV
Bill Risley	Franklin Energy
Blaine Fox	CMC Energy
Bradley Ryba	City of Chicago
Britanni Harris	Walker-Miller
Britney Blankenship	Energy Solutions
Bryce Dvorak	Michaels Energy
Cassidy Kraimer	Community Investment Corp.
Chad Balthazor	Cascade Energy
Cheryl Scott	Metropolitan Mayors Caucus
Cheryl Watson	Equitable Resilience & Sustainability
Chris Neme	Energy Futures Group, representing NRDC
Chris Vaughn	Nicor Gas
Clayton Schroeder	Resource Innovations
Corey Grace	Resource Innovations
David Brightwell	ICC Staff
David Lemmon	Utility Energy Services

Name	Company or Organization
Dena Jefferson	Franklin Energy
Derrick Meeking	Walker-Miller
Dominique Boczek	ICF
Drew Samuels	Resource Innovations
Edith Makra	Metropolitan Mayors Caucus
Eliza Grady	Michaels Energy
Elizabeth Applegate	Applied Energy Group
Eljona Fiorita	CLEAResult
Emily Golen	Resource Innovations
Erika Dominick	Walker-Miller
Erin Daughton	ComEd
Erin Stitz	Applied Energy Group
Eve Pytel	Franklin Energy
Fernando Morales	Ameren Illinois
Hannah Howard	Opinion Dynamics
Heather Gordon	ComEd
Hilary Snover	CLEAResult
Hira Majeed	ComEd
Houston Dowen	Frontier Energy
Ian VanArsdall	Nicor Gas
Jaleesa Scott	ComEd
Jamey Neal	Ameren Illinois
Jane Park	Seneca Point
Jeff Erickson	Guidehouse
Jeff Ihnen	Michaels Energy
Jeff Mitchell	Resource Innovations
Jeffrey Carroll	DNV
Jenna DeFrancisco	Opinion Dynamics
Jim Fay	ComEd
John Carroll	Ameren Illinois
John Lavallee	Ameren Illinois
John Yi	CEDA
John DeRosa	Illinois EPA
Jonathan Skarzynski	Nicor Gas
Josh Lyles	Frontier Energy
Josh Ramos	Nicor Gas
Josh Schreck	The JPI Group
Josh Sharon	ComEd
Julie Hollensbe	ComEd
Kanchan Swaroop	Resource Innovations
Kara Jonas	ComEd
Kari McCue	Nicor Gas

Name	Company or Organization
Kate Buck	Energy Solutions
Keely Hughes	The JPI Group
Kegan Daugherty	Resource Innovations
Kellen McSweeney	Slipstream
Kelly Mulder	Mulder Consulting
Kevin Johnson	DNV
Kim Swan	ComEd
Kyle Danko	ComEd
Larry Kotewa	Elevate
Laura Pettersen	Cascade Energy
Lauren Gage	Apex Analytics
Leyah Williams	ICC Staff
Link Lindig	Franklin Energy
Lisa Obear	Brightline Group
Lisa Trivedi	DNV
Liz Cote	Utility Energy Services
Lloyd Kass	Franklin Energy
Maria Onesto Moran	Green Home Experts
Michele McSwain	SEEDS
Mike Chimack	Energy Sciences
Mike King	Nicor Gas
Molly Graham	MEEA
Natosha Anderson	Michaels Energy
Nate Baer	i3 Energy
Nate Warren	Resource Innovations
Neil Curtis	Guidehouse
Nicholas Burstein	CMC Energy
Nick Moshage	Walker-Miller
Nick Bafaloukos	ComEd
Nick Horras	CEDA
Nick Warnecke	Ameren Illinois
Nicole Popejoy	IL Ass'n of Community Action Agencies
Nishant Mehta	Guidehouse
Jarred Nordhus	Peoples Gas & North Shore Gas
Olivia Youngblood	Michaels Energy
Paige Dunlevy	ICF
Paityn Wedder	Michaels Energy
Patrice McFarlin	Encolor Consulting
Patrick Burns	Brightline Group
Paul Grimyser	ComEd
Peter Widmer	Power Takeoff
Philip Halliburton	ComEd

Name	Company or Organization
Philip Mosenthal	Optimal Energy, representing NCLC
Rick Tonielli	ComEd
Randy Opdyke	Nicor Gas
Rocco Guaragno	Resource Innovations
Ronna Abshure	ICC
Salina Colon	CEDA
Sam Lamos	Gradient Comfort
Sarah Evans	DNV
Sari Mira	Waypoint Energy
Scott Vogt	ComEd
Scott Yee	Resource Innovations
Sharie Greif	Michaels Energy
Shivana	Walker-Miller
Shonda Biddle	Center for Energy & Environment
Sophie Frey	Brightline Group
Steven LaBarge	ComEd
Susan Buck	ComEd
Thomas Ketchum	South Suburban Action Conference
Tamika J. Cole	Walker-Miller
Taylor Weyenberg	Resource Innovations
Ted Weaver	First Tracks Consulting, representing Nicor Gas
Thomas Manjarres	Peoples Gas & North Shore Gas
Tina Grebner	Ameren Illinois
Trudy Merrick	Walker-Miller
Victoria Nielsen	ScottMadden
Wade Morehead	Morehead Energy
Wendell Concina	ComEd
Wendy Jaehn	Resource Innovations
Wisit Kumphai	Resource Innovations
Zach Ross	Opinion Dynamics
Zuri Thompson	Walker-Miller

Meeting Notes

See red text for follow-up items.

Opening and Introductions

SAG Facilitator Introduction to October 8 Meeting

Purpose of October 8th meeting:

1. For ComEd to present the preliminary draft 2026-2029 EE Plan Portfolio; and
2. For Peoples Gas & North Shore Gas to present the preliminary draft 2026-2029 EE Plan Portfolio.

<u>ComEd 2026-2029 Draft EE Plan Portfolio</u>
Scott Vogt, Denise Munoz, Kim Swan and Elder Calderon, ComEd

Agenda
- Opening Remarks
- Team Overview
- Portfolio Achievements
- Plan 7 Goals
- Strategic Challenges
- The Planning Process
- Potential Study Results & Comparison
- Plan 7 Portfolio Structure
- Closing Remarks

Opening Remarks
Scott Vogt – Vice President, Strategy and Energy Policy, ComEd
- There are EE Plan challenges – losing lighting is going to create challenges. ComEd has been able to close some of the gaps, but still challenges with how different provisions work together and achieve the goals of the plan.
- Emphasize this is the first draft – looking forward to working with stakeholders to achieve goals of the plan.

ComEd Clean Energy Solutions Introduction
Denise Munoz, ComEd
- We help customers interact with energy to save money and help the planet.
- With a comprehensive suite of demand side management (DSM) solutions, we aim to deliver environmental impact while driving equitable outcomes and seamless customer experience.
    - Energy Efficiency
    - Building and Industrial Electrification
    - Demand Response
    - Dynamic Pricing
    - Solar Customer Support
    - Data and On-Bill Services
    - Transportation Electrification (and future Behind the Meter offerings)
        - New to portfolio
- ComEd Energy Efficiency team overview and structure

ComEd EE Portfolio Lifetime Achievements
- Since 2008…
    - Have crossed $10 billion on customer saved mark
        - 89.09 million Net MWh saved
        - 6.65 million cars off the road for a year
    - 159.2 million efficiency bulbs sold
    - 513,231 assessments completed
    - 170,049 business projects completed
    - 7,426,871 rebates and incentives provided
    - 35.53 million acres of trees planted, and 65.79 billion pounds of CO_2 reduced
    - $2.25 billion in incentives provided to customers
    - 10.33 million homes powered for one year

Portfolio Plan 6 Achievements

- Provided over 1,870 local schools with e-learning activities, take-home energy-saving kits and an online educational tool
- 7 new electrification measures
- New Industrial Offerings
    - Industrial Energy Management systems
    - Advanced Refrigeration Controls
- Over 7,100 IE Single-Family comprehensive home upgrades
- Affordable Housing
    - Over $5.6 million in incentives to assist in the development of over 2,1— affordable housing units
    - Large shift with plan 6, diverted a lot of the increase to portfolio to IE customers. Big focus here.
- New Commercial Offerings
    - Building Operator Certification
    - Commercial Food Service Joint Offering

Chris Neme (via chat): What is the starting point for the numbers on slide 9? 2009?

- *Denise Munoz: 2008. That was our very first plan. Wrote and filed in 2007, delivery year started in January 2008*

Plan 7 Goals

- Savings & Spend Goals:
    - Chart of legislative foals for 2026 -2029
    - Looks flat at 747 GWh for AAIG – important to remember that because of all the expiring savings, we are actually looking at much more impactful and higher goals going forward – look at AATS Goal
    - IE minimum spend requirement is $40 million every year.
    - Public spend requirement of 10%
    - IE Electrification savings – equivalent to 25%
- Legislative Goals:
    - "It is the policy of the State that electric utilities are required to use cost-effective energy efficiency and demand-response measures to reduce delivery load." 220 ILCS 5/16-103B(a).
    - "Energy efficiency . . . should be used . . . to reduce costs to consumers, improve reliability, and improve environmental quality and public health." 20 ILCS 3855/1.5(9).
    - Taking these into account while thinking about Plan 7 Draft

Portfolio Challenges: Reaching Savings Goal

- Plan 7 presents difficult challenges to ComEd's ability to reach statutory goals
    - Market Considerations
        - Plan 7 includes no Residential & Street Lighting LEDs
        - Increasingly efficient codes for commercial buildings
    - Program Considerations
        - Inflationary program cost pressures are expected to continue in Plan 7
        - High cost of delivering programs to hard-to-reach customers has proven persistent

        - Those costs have been high and haven't been able to reduce these costs.
    - Technology Considerations
        - EEE (energy efficient electrification) is still cost prohibitive and in early adoption stages
        - There is no known technology that can replace the lost LED savings
    - New Program Designs – relying on to help get within reach of goals
        - New CNI Program - Business Energy Analyzer (BEA)
        - Market Transformation in response to these challenges
- Plan 7 is carefully crafted to attempt to meet statutory goals; nonetheless, we face increased risk and uncertainty given the challenges facing

Portfolio Challenges: Required Savings

- Chart is relative to annual AAIG, % of goals of actual savings need to meet because of expiring savings
    - Peak in 2028 is the major concern
- Plan 7 has the highest amount of expiring savings so far, so the savings required to meet the goal is increasing.
- This issue is compounded with previously stated challenges related to achieving savings.
- Controlling cost per kWh of savings will be critical to achieving goals.
    - Will take a lot of comprehensive and complex planning, and a competitive approach.

Chris Neme: The slide is expressing expiring savings as a % of AAIG. But AAIG drops during 2026, so in absolute terms, aren't expiring megawatt hours lower in 2026, 2027 and 2029?

- *Kim Swan: I do not have numbers for 24 and 25 for expiring savings. Because of expiring savings, the chart two slides ago shows that our goal is much higher than what the statutory goal is in terms of %, when converted to megawatt hours and take in our expiring savings, it's much higher than it was previously*
- *Chris Neme That's not true—it showed 1,400 GWh – which is been what you've been getting. The difference is not that you have to get more, it's that you don't have residential lighting as a low cost option to get there. True for 26, 27, and 29, but not 28, but I don't think the magnitude of the goal is any higher in terms of how much new savings you have to produce each year in those three years, just that you don't have as many easier ways to get there.*
- *Kim Swan: The goal is much higher than the statutory stated goal because of the expiring savings. I agree that aside from 2028, we have been reaching those numbers historically but we have relied on lighting historically, so it is much more challenging for Plan 7.*

Planning Process

- ComEd has had to take a comprehensive and strenuous program design to meet energy savings goals within acceptable risk. The process has been ongoing for over a year now.
- Took internal and external inputs to design optimal portfolio.
- Planning Process
    - Starting Point: 2024 Base Year Program Projections
    - Input from internal/external stakeholders
        - External Inputs
            - Stakeholder Recommendations

            - Ideation process in late spring
        - IC Inputs
    - Internal Inputs
        - Worked with PM and Implementing Contractor to understand where we are in terms of existing portfolio performance, risks, challenges and potential benefits to achieve savings goal for plan 7.
        - Measure Mix Optimization
        - TRM Updates
        - 2025 NTG Values
- Optimize portfolio and Internal Potential Study
- Joint Utility Potential Study Calibration – GDS Associates
    - Electric and gas utilities within the state worked together to establish a PE
    - Our approach and PE study approach were independent and parallel
    - Valuable insights gained from Potential Study
- Today: Deliver Plan to Stakeholders

ComEd Potential Study Results and Comparison
- Independent joint utility effort with Ameren Illinois and Nicor Gas
- GDS Associates did a ground effort – site visits in different market segments to then build the maximum potential

Potential Study: Scenarios
- MAP Maximum Available Potential
    - Assumes 100% incentive for incremental or full cost
    - Budgets include non-incentive costs based on historical non-incentive cost per unit of savings by program type
    - Adoption curves influence the timing
    - No statutory limits
    - Savings and TRC influenced by NTG in MAP and below
- RAP Realistic Available Potential
    - Applies historical/ typical incentives to measures
    - Budgets include non-incentive costs based on historical non-incentive cost per unit of savings

Series of Design Consideration and Constraints
- SMAP (Statutory Maximum Potential)
    - Statutory limits applied to RAP
    - Electrification capped at 10% savings for 2026- 2029 and 15% 2030+ (but never exceeds 3% because electrification budget capped at 20% of IE budget)
    - Budgets capped at $133M for 4 years, then increase by inflation
    - $40M to IE
    - Meets goals of potential well
- STIP (Stipulated Available Potential)
    - Stipulation limits applied to RAP
    - Electrification capped at 5% savings for 2026 and allowed to grow to 15% by 2040 (but never exceeds 6% because electrification budget capped at 20% of IE budget)
    - Budgets capped at $1,714M for 4 years
    - $100M to IE

    - Does not meet Energy Savings goals well
- STIP+ (Stipulated+ Available Potential)
    - Stipulation limits applied to RAP
    - Electrification capped at 5% savings for 2026 and allowed to grow to 15% by 2040
    - Budgets capped at $1,714M for 4 years
    - $100M to IE
    - 80% of spending towards cheapest measures; 20% towards all other measure
    - Does not meet Energy Savings goals well
    -
- STIPWx (Stipulated with Weatherization)
    - Residential Only
    - Stipulation limits applied to RAP
    - Electrification capped at 5% savings for 2026 and allowed to grow to 15% by 2040
    - Budgets capped at $1,714M for 4 years
    - $100M to IE
    - Shell measures are prioritized
    - Does not meet Energy Savings goals well

Going to focus on comparison between SMAP and STIP.

Chris Neme: Are you going to compare SMAP to STIP?
- *Elder Calderon: Yes.*
- *Chris Neme: Why wouldn't you compare to STIP+?*
- *Elder Calderon: Good question – you can definitely do that and we did that comparison internally. For purposes of consistency and what we're seeing from stakeholder requests, STIP characterizes better than STIP+.*

Chris Neme: What does the red x on the slide mean?
- *Elder Calderon: It means that it is not able to meet statutory savings goal in any year. The green check mark means can meet statutory goal.*

Philip Mosenthal: The 20% of income eligible budget limit on electrification; is that a statutory limit or just something you decided?
- *Elder Calderon: No, it was a design condition. This was a joint utility venture. GDS conducted the study independently and we had to make certain joint decisions on how to approach funding, and that was one of the design considerations that we made.*

Is there enough Market Potential? – SMAP vs. STIP
- More savings under SMAP
- Plan 6 stipulated requirements would provide significant savings barriers to achieving savings goals.
- Potential study prioritizes measure selection based on TRC cost effectiveness rather than a more accurate measure: acquisition ($/kWh savings) costs.
- Acquisition cost-based measure ranking approach increases potential in SMAP.
- In 2028, both scenarios predict a very challenging year and not being able to meet goals. Will take extra efforts and consideration from a planning perspective

Philip Mosenthal: What caused the dip in the 2028 for SNAP potential?

- *Elder Calderon: There are declining trends for several things, and increasing trends for others such as HVAC and advanced and single fixture lighting controls. They meet in 2028 and separate back out in 2029.*

Chris Neme: I want to flag that the STIP+ results are about the same as SMAP in 2026 and 2027. They get you to 1400 GWh while still maintaining low-income spend.

- *Elder Calderon: I will double check numbers—we saw them as just slightly short of the goal. There were definitely valuable insights from STIP+, one of the more valuable efforts of having the joint utility Potential Study. Instead of taking just one look at the portfolio, we took several.*
- *Chris Neme: While all of that is helpful, the Potential Study has some useful insights but should not be taken as the total truth. They are based on a bunch of generalized assumptions and can't perfectly optimize or account for everything and variations among customers*.

Key Methodological Assumption: Lighting Potential – Commercial

- Unlike and in contrast to other markets, lighting is not as saturated as was thought.
- Potential study finds that lighting is only 41% saturated.
    - Still 59% potential left in the market.
    - Unattainable potential identified in this segment – people who will not be changing lighting at all.
- Lighting potential incorporated achieving savings from only the 32% sector.
    - Savings potential based on this
- Clean Lighting Act will have significant impact on lighting market.
- Changes in market will open the remaining 27% of lighting potential.
- Midstream programs are best positioned to help capture changes in lighting market

Phil Mosenthal: These results are the baseline study looking at what's existing in facilities now. Not surprising that there's a lot of less efficient lighting–a study a couple years ago found 10-15% v12s. In terms of replacement market, when people are choosing to buy new lighting, it is almost universally LED now.

Chris Neme: What's the potential for converting fluorescent commercial lighting to LED? There's a substantial additional potential from sophisticated controls.

- *Elder Calderon: Yes, this is only focusing on fixture retrofit and lamp replacement from a potential savings perspective.*

Lighting Potential: Fixtures, TLEDS and Controls

- There's savings in lighting that is captured in PE that provide valuable insight
    - There is lighting potential still relevant across all lighting segment with end use for LED lighting
    - Still big saving potential for TLED, LED fixture and exterior building lighting
    - There's significant potential for advancing lighting controls and individual lighting controls (fixture integrated sensors)
    - No single lighting end use here that will single handedly help us reach goals, if want to design portfolio to meet ES goals in statue with acceptable risk.
    - Lighting controls reaches somewhere, maybe 40% of lighting potential. It has historically been about 20-25% in lighting controls in energy savings

Ken Wallack: Why is exterior lighting controls blank?

- *Elder Calderon: It was because the scale of it was a small number, even for commercial, or might have dropped off. ComEd will follow-up.*

Plan 7 Portfolio Structure
- Sector: C&I
    - Structure pretty much unchanged besides for a couple new programs
        - Business Energy Analyzer is a new behavioral program with potential. Have been working over 4-5 years to bring out its functionality.
    - Voltage Optimization – not really an end use area

Phil Mosenthal: What's the circle with black stripes?
- *Elder Calderon: That's supposed to be public sector and third party.*

Residential/Income Eligible Structure
- Market transformation still lives within Research & Development.
- A lot more designations for programs on the residential side because of complexity and IQ customers.

Phil Mosenthal: Why isn't MF IE a joint program?
- *Elder Calderon: That should have a joint program indicator, as it is a joint program*
- *Julie Hollensbe (via chat): Yes, the MR HEA, MR MF and MR EI Ed are all joint.*

Portfolio Overview
- Overall, have taken a comprehensive look at how we can design a portfolio that meets that statutory energy savings goals within an acceptable risk.
- We are not quite achieving 100% of goals.
- From AAIG, there are more expiring savings in later years and some declining trends in portfolio impact.
- With this Plan, ComEd is within acceptable risk of meeting portfolio statutory goals, and providing long term lasting savings to customers.

Chris Neme: You are overspending in some years and underspending in others?
- *Elder Calderon: Yes, we took a comprehensive look at how to meet goals in all years within statutory constraints to do that. One specific challenge was the statutory years on how the budget is managed. There is an annual budget provided by legislation of $400 million, now there's also a component that allows us to spend plus or minus 10%, so we did that differently to take full advantage of the constraints we're under to help provide additional resources to years that needed more to meet the savings goals*
- *Chris Neme: So, you could have spent the $454 every year and met legislative AAIG for 26, 27 and 29 but fallen a lot shorter on 28 than what you're showing here.*
- *Elder Calderon: Yes.*
- *Chris Neme: If this were to be your plan, you would be 4-5% short of AAIG depending on the year. Are you suggesting with this you'd file for adjusted goals for all four years? Or feel like close enough that you wouldn't file for adjusted goals and just run the risk of falling short.*
- *Elder Calderon: We feel we are close enough that we are at an acceptable level of risk to meet goals. We don't feel like we have to adjust goals and would file with this plan and make an effort to meet goals within the range.*

Phil Mosenthal: The statute allows you to overspend up to 10% in a given year. Is it required that you make that up in a different year?

- *Kim Swan: We can't spend the full amount in the other years and spend more in 2028, we have to have that average spend of $454 million every year. That's why we are spending yes in other years and need to spend more in 2028.*

Kim Janas: In 2026 and 2027, the $ % of Average Spend drops to 94%, then up to 110%, then drops to 104%. Is that 14% over or is that a rounding issue?

- *Elder Calderon: It's a rounding issue – some are 93.xx%, so we did not want to provide a bunch of decimal points.*
- *Kim Swan: The 10% is in any given year. So as long as we meet the average we can go up to 10% of the average in any given year. It's not a 14% over, it's 10% over in 2028 and less than 10% over in 2029.*
- *Denise Munoz: Taking the strategic approach as we are taking on risk in 2026, 2027 and will underspend in those years to make sure we can put that money into 28 to go over the 10%, but as Kim noted the average spend has to stay at $454 million.*
- *Chris Neme (via chat): I concur with Kim's read of the statute that they are capped with a four-year average spend but have flexibility to go over by up to 10% in any given year.*

Phil Mosenthal: Second to last row – EEE Savings % of allowable, what does that mean?

- *Elder Calderon: It's the percent of cap. We have a 10% cap for electrification savings and that's our own internal term, Energy Efficiency Electrification (EEE).*

Chris Neme: Do your savings numbers here assume some new VO savings?

- *Elder Calderon: Yes, up to 2028.*

Program Summary: Savings by Program

- Will see all the program listed out between C and I, residential and multi-segment
  - Have VO up to 2028
- Have been 60/40 for savings achieved for residential and commercial
  - Dramatic shift for Plan 7 – more savings going into commercial sector over res/IE sector. Looking at where the potential is for savings and where we can we optimize portfolio to stretch dollars as far as possible.
- Continued focus on comprehensive offerings within Multi and Single-family homes
- Novel third party idea to help fill in gaps for comprehensive C&I offerings
- Expanded lighting control savings through standard and small business programs
- Subsuming of New Construction C&I offering
- TLED offerings within midstream through 2029
- Residential – moved more funding into market rate areas that would achieve more savings at a reduce cost (more in retail online)
  - Have seen overperformance in 23-24

Phil Mosenthal: In SF upgrades, showing 2 GWh, assuming that's the IQ SF whole building programs? Or that plus market rate?

- *Elder Calderon: The IQ SF, that's correct.*
- *Phil Mosenthal: So virtually all whole building savings expect to come from MF?*
- *Elder Calderon: Yes*
- *Phil Mosenthal: Is that consistent with where the numbers are now for IQ SF?*
- *Elder Calderon: No, it's not consistent with where numbers are now.*

- *Phil Mosenthal: What's the driver with that shift?*
- *Kim Swan: Part of that is driven by the fact that we have honing in on delivering cost effective programs. We needed to adjust downward in that area and apply dollars in savings to other programs to try and meet our goals.*

Karen Lusson: For the Income Eligible SF and MF programs – when you said you needed to shift to more cost-effective delivery – that is contrary to what the company agreed to in the current stipulation, which is to deliver whole home SF retrofits, and will be a part of our ask going into next 4 year plan. At the beginning of the presentation, you indicated the Home Energy Savings, when you say you treated this many homes, are you talking about whole application retrofit homes or homes under the current structure getting direct install measures and sometimes suggesting good candidate for weatherization? Or are you talking about homes that got a whole home retrofit?

- *Elder Calderon: To your second question on homes treated—those are Plan 6 achievements done under Plan 6 structure and considerations. When we say supported X amount of homes through Home Energy Savings and comprehensive energy retrofits, that's under the existing structure of home energy savings the comprehensive approach of energy efficiency and weatherization. Those are achievements accomplished in plan 6 so would be under definition that you're familiar with.*
- *Karen Lusson: My understanding of the current structure is that install direct measures, not every home is going to treated for whole home weatherization, because they are making the call. When you claim 71,000 homes treated, are treated homes considered under ATS program as one that just received direct install measures?*
- *Kara Jonas: I think it was in the 7,000s, not 71,000. It was specific customers who received a retrofit, whether utility only funded retrofit or iWAP and utility funded retrofit. Did not include our direct install participants, was specific to customers who received a retrofit.*
- *Elder Calderon: Second part to question on what's changed in plan 7 and what considerations taking into account now. The goal is to design a portfolio that provides a comprehensive and cost-effective approach to meet the energy savings goals within an acceptable level of risk, and to do that had to make changes in the portfolio that were in contrast to what was in Plan 6 stipulation agreement. This is a view of what the portfolio would need to do to fill the gaps and meet energy savings goals set by statute.*
- *Karen Lusson: In that regard, did ComEd as part of planning process look at possibility to propose modified goals given the challenges talked about, in order to retain that minimum $100 million investment in IQ programs?*
- *Kim Swan: We believe the statute allows utilities to reduce goals in two instances: 1) When the potential study shows that can't reach goals, and 2) When the previous year, the utility has failed to reach their goals. We don't think that either of those have been met. We don't anticipate 25, 26, 27 to not meet goals, we think we are within an acceptable level of risk to meet those goals. In my read of the potential study, I don't think that there is a realm that allows us to reduce goals either. We think potential study shows that we can reach goals. There's different interpretation of certain aspects of potential study which in particular impact 2025 and we think that given what we see in potential study we can reach all four years with the statutory goals. In our reading that means we can't reduce goals.*

Chris Neme: Do these savings numbers include the gas conversions?

- *Elder Calderon: Yes, correct. These are composite savings–they are combo of true energy efficiency electrification and converted gas therms.*

- *Chris Neme: Is this a combo of Market Rate and IQ SF?*
- *Elder Calderon: Yes, this is on a program level so does not show the sub programs, but is majority IQ in there*
- *Chris Neme: Includes electrification savings for SF?*
- *Elder Calderon: I will have to double check, but I believe so.*
- *Chris Neme: So when looking at 2023 actuals, which were between residential MR and IQ, I think your SF savings were around $20,000, so this reflects a dramatic scaling back of investment in SF upgrades, is that fair?*
- *Elder Calderon: Yes.*

Phil Mosenthal: On SF upgrades, on the next slide you only gave $1million/year budget in that program – I'm assuming that most of your territory outside the city (NSG and Nicor territory) has a lot of SF and wondering given that these are joint programs, are you maxing out the full leveraging of the Nicor and NSG contributions that they can make? Seems to me you at least want to do as much as they can support.

- *Elder Calderon: To an extent we have, but not maxed out again. Had to take a couple different looks in the portfolio just to look at where those savings could be achieved, and MF was narrowly focused than residential to do so because of the cost differences on our end.*
- *Phil Mosenthal: That is concerning. I'd encourage you to talk to them and see how much funding you can leverage by increasing that. Keep in mind this would be a big hit on the CAAs and IQ SF implementors, which works against your investments in MDI which are to try and build up the workforce.*

Phil Mosenthal: I see you're proposing to continue to offer TLED for midstream program for the entire plan period, it's my understanding that starting in 2025, those will be the least efficient commercial lighting you can buy. Given that midstream is capturing people when they are going into the market to buy lamps or fixture already, what's the rationale for that? Seems to be no actual efficiency.

- *Elder Calderon: I think it's 2027 when that takes into effect. Within this approach of portfolio design, we had to take every consideration we could into achieving our energy savings goals while still continuing to impact the customer, and part of that was looking at the insights and specifics in the legislation that still allowed utilities to provide incentives for TLEDS—specific phrasing that nothing in this legislation would prohibit utilities to providing incentives for TLED lamps. We worked with evaluators to interpret that language and what that means and came to the conclusion that there's still a fluorescent baseline available for TLED to capture energy savings, and so since it's still allowable, midstream would be best suited to capture those savings and capture that transition in the market, as well as influence what we would see in otherwise a 6-8 year adoption curve fit in to 4 year adoption curve by influencing the market to move that much quicker.*
- *Phil Mosenthal: That seems problematic. I hadn't realized the legislation specifically says you can keep offering incentives, but the purposes of incentives are to capture energy savings and seems to me that it'd be logical for the TRM to adjust the savings to zero because the baseline would be TLED.*
- *Chris Neme: I agree. I have a hard time rationalizing spending ratepayer dollars to promote something that has to be purchased anyways, regardless of what the statutory language says. It might say that it's not illegal to offer rebates, but the fact that it's not illegal doesn't mean it's a good idea. It's hard to see why it's a good idea.*

- *Philip Mosenthal: I'm supportive to do this in your small business direct install program because there you're replacing fluorescents that are going to be there a while that you know exist. But in midstream program it is problematic.*
- *Chris Neme: I agree.*

Andrey Gribovich (via chat): Statutory reference from HB2363:

- *(f) Nothing in this Section shall be interpreted to limit the ability of a utility to offer energy efficient lighting, rebates, or lamp recycling services, or to claim persisting energy savings based on fluorescent technology resulting from such programs, through its energy conservation and optimization plans approved by the Illinois Commerce Commission under Section 8-103B of the Public Utilities Act.*

Karen Lusson: In terms of the significant reduction to SF weatherization, there are multiple commission orders in the 4-year energy efficiency plan that there's the notion that it's not a good idea to stop and start a program. It confuses customers, it impacts the work on increasing diverse spenders which is a part of your MDI program, and I don't know what the impact would be on CAAs. I would ask the company to go back and revisit that issue, given that direction that we've heard from the commission to not start and stop program. I think ComEd itself has said that it was critical to not stop and start programs to not exceed spending within the cap and exceeding proposed budget.

Heidi Gorrill: Can you discuss assumptions that you made for new construction?

- *Elder Calderon: For C&I, we are seeing increasing difficulty within performance of that program with respect to on the market side. Increasing stringent requirements from code perspectives that several municipalities into account as well, really make a new construction program design not only cost prohibitive but difficult to achieve. It's an insight we made with working with program managers within C&I. We are seeing similar things within residential new construction, AHC is a different animal and that's going to continue as well on market rate side. Again seeing similar difficulties within capturing new construction based on municipal stretch code and the rate of which program managers have been able to capture that in the market, taking into consideration where we can make up those savings at a more cost effective rate.*
- *Heidi Gorrill: This Third Party program, it increases from 31 to 69, can you explain?*
- *Elder Calderon: Third Party is a supplemental program designed for C&I that helps fill in gaps for energy savings that we see for standard small biz direct-to-consumer programs through a consulting type service. It's an indirect increase to support all the programs across C&I to increase savings without increasing costs. It's one of several ideas we're considering with a third party. Third Party is meant to be an open idea platform for consideration to the programs. This design for third party is meant to fill in the gap that we are seeing specifically in later years of the program. We see heavy gaps in 28 and 29 in residential so we have a ramp-up period for third party to be able to fully function for gap filling in 28 and 29.*

Kari Ross: I agree with concerns shared with the drastic decrease in IE spend, especially in SF. Is the Affordable Housing joint program in addition to joint programs or in new construction?

- *Elder Calderon: It is in new construction.*
- *Kari Ross: Can you talk about the behavior Res IE line–it's the second highest amount of savings—assuming that's the Home Energy Report program? Can you talk more about the consideration for this much savings.*

- *Elder Calderon: There are a couple other areas in there as well, like smart homes and couple other behavioral programs. It follows the trend of where we see an increase from 23 and 24 performance. Been working closely with PM and implementor program to understand the change in that program, will probably see results under residential behavior from 22-23 and where our performance is in 24, there's an increasing trend that we're projecting into 25 and capturing into the client side. So it's a combination, and HER is a big impact to that – 40 GWh worth or so.*
- *Kari Ross: Is the small business line intended to be comprehensive or direct install?*
- *Elder Calderon: Direct to consumer.*

Phil Mosenthal: It would be helpful if you could share the savings and budget numbers for residential and income eligible broken out separately from market rate and income eligible.

- *Elder Calderon: Yes, just for presentation purposes. As part of process, will be sending batch files with all the details.*

Molly Graham (via chat): To clarify, did you say stretch codes are leading to a decrease in new construction savings? Even if ComEd is supporting the adoption of stretch codes through a MT strategy?

- *Elder Calderon: Yes, we get more savings through comprehensive MT than through individual new construction. It's hurting us on one side but helping us more on the other.*

Chris Neme: Where are the MT savings in this table?

- *Elder Calderon: They are in a variety of different areas within residential, retail online, third party. They are not in any single program yet as far as a comprehensive MT diagram. Right now a lot are within R&D program within pilots that we've run.*
- *Jim Fay: RPP (RPP = Retail Products Platform) is in retail online item, right now it includes the measures we had last year – refrigeration and clothes washer and induction cook tops. All other MT efforts are in R&D portfolio overhead line item, and we hope to be successful in producing MT programs that can be transferred to implementation during plan 7. Right now in the plan, it's just RPP that you'll see in the retail online. No savings right not in plan 7 for that.*

Ken Walczak: Are network controls or smart lighting controls of ComEd controlled street lighting is a potential savings?

- *Elder Calderon: There are potential savings, but not at that level of detail here. Additional detail will be shared with negotiating stakeholders in batch files. Advanced lighting controls and individual lighting controls are a big part of savings for standard and small business*
- *Jim Fay: Percentage of savings for controls is around 30%.*
- *Ken Walczak: I'm curious about ComEd controlled street lighting—is that part of this scope?*
- *Elder Calderon: It's not part of it.*
- *Chris Neme: To clarify, there are no street lighting savings in here?*
- *Elder Calderon: There are street lighting savings. Question was on spec targeted advanced controls for street lights. No targeted street light advanced controlled program or effort within the portfolio. There are incentives and measures available through standard and small business that can provide incentives for that measure but not intended for comprehensive efforts that we're characterized in our model and portfolio design that you're seeing here.*

- *Chris Neme: Street lighting measures are in the incentives program, and controlled measures are in incentives program just not a focus targeted effort at smart controls for street lighting?*
- *Elder Calderon: Yes, apart from incentive design to bring measures more into light and increase % of savings receiving from those. I think previously was 15% or so, and have doubled that to about 30% based on what we were able to capture and tease out of our own potential internal study.*
- *Chris Neme: is 30% the average over the 26-29, so might be 20% in 26 and 50% in 29?*
- *Jim Fay: It's consistent around 30%, does not vary that much.*
- *Chris Neme: Because the potential study slide showed earlier suggested that savings from smart controls would be growing while savings from other lighting opportunities would be declining over the four-year period.*
- *Jim Fay: One clarification, for Advanced lighting controls (includes luminaire level), we're above what potential study says is out there. It's for the individual controls that the potential study modeled separately, we are under that potential.*

Phil Mosenthal: MF and SF upgrade split—your rationale for only $1mil for SF is that you needed to focus on lower cost savings, but you are actually getting more savings per dollar on single family upgrades than MF upgrades. Seem like you can shift some from MF to SF and actually increase savings.

- *Elder Calderon: Shifted to SF for what we could. Increased funding increases the acquisition cost.*

Program Summary: Spend

- Not that different than what is seen on savings side
- Increased funding in C&I programs to support comprehensive business offerings
- New C&I program offering: Business Energy Analyzer
- Continued focus on comprehensive offerings through Small Business program
- Balancing funding of electrification within high-cost Income Eligible programs to increase potential of low-cost market-rate offerings

Income Eligible Programs

- Chart shows the make-up of income eligible spending and where is going to provide comprehensive offerings – avg across all 4 years
  - A big part is MF upgrades
  - Kept overhead spend consistent with plan 6
  - Retail online continues to play a key role
- We must reduce spend on IE Programs.
- Lower-cost measures have been prioritized to extent possible.
- Remaining IE funding primarily focuses on comprehensive offerings.
- Cost cannot be reduced within:
  - EESP Labor
  - Materials

Portfolio Costs

- Increasingly unsure costs in terms of inflation and implementation costs within the portfolio
- Portfolio admin costs have been minimized to support increased program and incentive spend.
- Focus spend to producing savings to the extent possible.

- There is little to no margin within portfolio costs.
- R&D is critical to identify gap fillers for Plan 8.
    - Critical for identifying new technologies but new portfolio structures

Electrification

- ComEd is a big driver of electrification – and big impact to certain customers
- Market Rate electrification has significant potential but is limited by the IE savings requirements.
- Income Eligible electrification is increasingly cost-prohibited with uncertain bill impacts to customers.
- As a result, the portfolio has limited electrification potential in Plan 7 and will not plan on reaching statute cap in any year.
- At 60% of cap, can achieve 25% of IE savings – over 40% of spend is going to IE electrification projects, and that holds back market rate electrification spending.

Plan 7 Coordination: Inflation Reduction Act (IRA)

- The ComEd planning team has dedicated extensive hours to understand IRA funding structures and coordinating with the implementing team at the IEPA
- ComEd agrees that IRA funds present an additional opportunity for project funding to customers and IRA rebates should be leveraged to the maximum extent possible
- Current rebate structure and IEPA timeline make braiding impossible
- Unknown attribution for Utilities limit resources for braiding efforts
- IEPA Request for Proposal (RFP) administration requirements limit utility involvement in implementation
    - IEPA would have to go through CMS system for any type of agreement system, takes 18 months to put out an RFP. So utilities can't be an agent for IEPA.
- Plan 7 assumes IRA funds will supplement gas utility weatherization measures, reducing ComEd only spend in joint programs
- ComEd will continue to work with IEPA to identify funding leveraging opportunities

Phil Mosenthal: Why couldn't ComEd spend just as much on SF whole building even if the gas utilities are able to leverage IRA funds?

- *Kim Swan: It's been a question that's a problem for us in the plan 6 portfolio as well. When doing joint weatherization measures, there's a point at which the gas utilities are no longer providing funding but ComEd is supplementing the funding entirely. It's a point that we've been making all morning—about needing to prioritize our spend where we get the most bang for buck so we can meet our goals. If we were to braid for the IRA under EE, limiting ComEd spend to gas spend for weatherization because would need to do that to spend the remainder of the money in the more efficient way possible. If we don't do that, we're spending more on the same amount of savings and that's proven to be problematic in Plan 6 and would be more so in Plan 7.*
- *Phil Mosenthal: Don't the gas conversions you can get once gas utilities run out of money lower cost per kWh on average?*
- *Kim Swan: Yes, but we have more gas conversations than we can take credit for so we are then selling at not a great rate return.*
- *Phil Mosenthal: I'm confused as to why it's not possible for ComEd to leverage IRA funds, but assuming gas utilities can?*
- *Kim Swan: Not making assumptions on what other utilities will do with IRA. We think that based on conversation with ILEPA, it's not a good strategy to incorporate braiding into future plans.*

- *Phil Mosenthal: On the unknown attribution, I would discourage from using this at this stage as a reason to not be interested in braiding. The stakeholders are ready and willing to engage in addressing that tissue and agreeing to something.*
- *Kim Swan: I agree there's an interest in trying to allow utilities to have attribution. DOE has required the IL EPA and DCEO have attribution for the first 30% of savings relative to the baseline, and additional savings beyond the 30% we are concerned that that can be achieved frankly, and that is not a concern if looking at it through PLR portfolio.*
- *Phil Mosenthal: If IEPA counts some of the savings, it's impossible for you to also count them?*
- *Kim Swan: Yes, DOE will not allow that. They need to take credit for the first 30%, and utilities would only be able to take credit for anything in excess of the first 30%.*

Inflation Reduction Act (IRA)

- IRA EE as ComEd Peak Load Reduction (PLR) resource.
    - Requirement under CEJA
- The ICC includes any energy efficiency measure not paid through the 8-103B portfolio to be included in the PLR portfolio. Approach through PLR portfolio rather than EE portfolio.
    - ComEd must achieve incremental MW reduction goals for PLR as one of its performance metrics.
    - In order to avoid penalty, ComEd must achieve 50 MW incremental reduction potential annually.
    - Still significant uncertainty in the PLR space with an Order expected in December.
- Conceptually, believe ComEd could provide a higher incentive to IEPA after the fact for achieved savings than we could provide through braiding EE 8-103B funds.
- Still a lot to be planned out, but a better path.

Chris Neme: SAG heard about the challenges in Sept. meeting that the IL EPA approach would create with respect to the weatherization dollars. I thought the HP and HP water heater dollars would be simpler to access. Am I wrong about that? If there is an $8000 rebate for HPs and you have HP opportunities in electrification and in converting electric resistant heat to heat pump heat, are you thinking that you will not be able to leverage heat pump rebates available through IRA funds?

- *Kim Swan: We have concerns about timelines for both programs. In our conversations with IEPA and DCEO, they are first going to try to weatherization and use weatherization funds, then coming back in and see what might be available for the appliance rebates. Our concern is that once you've weatherized, there's overlap between those appliances and would that negate their ability to provide funding for the appliances because they'd already changed through the weatherization measures for a heat pump and can't have weatherization funds overlap with appliance funds. There's a lot of confusion and we are not clear on how they would work together. We thought it'd be much cleaner to think about IRA funds in the PLR portfolio, rather than muddy the waters with some being 8-103 funds and some note being 8-103, rather approaching and giving the IL EPA more money than we could through braiding through energy efficiency portfolio, without a lot of the constraints we have to face in EE portfolio.*
- *Chris Neme: We should talk more about this. I can't imagine that ILEPA thinks that there's a requirement that you use IRA weatherization dollars before accessing the heat pump rebates. And ComEd will be doing a lot of heat pumps soon. You have expanded spending on IQ MF, we know from baseline study that a quarter of all MF apartments*

have electric resistance heat and good candidates for lots of energy savings. Is that part of where a lot of your MF dollars are going? Is it realistic to assume that none of the costs could be to braid through IRA rebates for heat pumps?

- *Kim Swan: We are focused on heat pumps in plan 7.*
- *Elder Calderon: It is a heavy component within the MF sector. We do have a strong target for electric resistance baseline replacement with heat pumps, that is a significant increase from previous years. Don't have what that ramp looks like off top of my head.*
- *Chris Neme: Will you be able to leverage IRA heat pump rebates for that effort?*
- *Elder Calderon: To Kim's point, on a surface level you'd think so. Several considerations on back end that make it difficult. A key part is the timeline—IL EPA is building the weatherization program first and standing that up first prior to the appliance programs, which puts at an unsure timeline of when we can take advantage of those rebates—whether it's 27, 28 or 29. Assumptions are too far beyond the risk of savings we want to show and what we can achieve.*
- *Chris Neme: It's highly likely that you could access the HP and other appliance rebates but you just don't know when and how soon, and given all the uncertainty, haven't built into plan yet.*
- *Kim Swan: Yes, and given the uncertainty, there is a preference to not include in the EE plan but include in the PLR portfolio. We can do more through PLR portfolio than the EE portfolio.*
- *Chris Neme: Not clear if PLR is the best place to leverage the HP and appliance rebates.*
- *Kim Swan: Yes, and that might be in the nomenclature. It's not about reducing peak load, is about reducing load and doesn't have to be at peak. It's about measuring reduction and load at any time.*

Cassidy Kraimer: For those of us who are not familiar with the PLR, would it be possible to outline a bit of what that might IRA funds flowing through that portfolio would look like in practice?

- *Kim Swan: It's not yet determined, we'd still have to work through what it would look like in particular for energy efficiency, because no one has sought an EE program within PLR at this point. We'd have to work through and propose to commission.*

Summary & Next Steps

- Draft Plan 7 gets ComEd close to statutory goals while taking on larger risks than previous plans. Key elements include:
  - CPAS goals close to being met (within acceptable risk levels to not seek reduction in goals)
  - Consolidated programs, to reduce customer confusion and administrative burden
  - Continued commitment to income eligible support, including in comprehensive programs and for multifamily customers
  - Movement of measures upstream and new savings opportunities
- Portfolio has risks – Lighting, MT Savings, Balancing Electrification savings, Novel Third Party Approach, TRM changes
- Getting here has not been easy and margins are minimal; there is a narrow band in which goals can be within reach
- We look forward to hearing feedback from Stakeholders, and in the meantime, please do not hesitate to reach out with questions

Peoples Gas & North Shore Gas 2026-2029 Draft EE Plan Portfolio

Christina Frank and Jean Gibson, Peoples Gas & North Shore Gas; Zach Froio, Applied Energy Group (AEG)

Introductions

- Jean Gibson
    - Manager – Energy Efficiency Programs Peoples Gas and North Shore Gas
- Christina Frank
    - Director – Energy Efficiency and C&I Customer Strategy, Peoples Gas and North Shore Gas
- Zachary Froio
    - Manager – Program Planning & Design Applied Energy Group

Agenda

- Impacts of energy efficiency programs
- Plan 5 Process
- Portfolio Objectives
- Draft Portfolio Summary
- Draft Program Summaries
- Portfolio Level Costs
- Next Steps
- Q&A

Environmental and Community Impacts

- Over the last 12-13 years, measurable impacts achieved:
- Environmental Impact
    - 153,500,000 therms of energy - Net energy savings
    - $172,000,000 Incentives distributed
    - 812,000 Carbon reduction (tons)
    - 948,000 Acres of trees planted
    - 193,000 Cars removed from the road
- Community Impact
    - 180,000 Income-eligible homes served
    - 6,500 Businesses served
    - 470 Direct portfolio jobs
    - 28% Diverse spend (2022-2023)

Plan 5 Process (2026-2029)

- What We've Accomplished
    - Jan. 2024 Kick off Plan 5 Process
    - Feb. 2024 Presented Plan 4 overview
    - Apr. 2024 Stakeholder idea presentations
    - May. 2024 Utilities responded to stakeholder ideas
    - Apr. – Aug. 2024 Potential study activities
    - Jun. – Sept. 2024 Defined Plan 5 objectives and draft model leveraging knowledge from Plan 4 findings, stakeholder input, etc.
    - Sep. 2024 Draft EE Potential Study results presented
- Where We're Going
    - Oct. 8, 2024: Present Draft Plan 5
    - Nov. 2024 – Jan. 2025: Negotiations

- Feb. 2025: Finalize written Plan 5
- Mar. 1, 2025: File Plan 5 with the ICC

Portfolio Objectives

- Objectives guiding the framework of the plan. For all the objectives, common threads: are planning to build on successes from Plan 4, bringing deep program experience.
- Serve Our Customers
  - Deliver a cost-effective portfolio of diverse programs that reach all customer classes and achieve measurable energy savings.
- Prioritize Underserved Customers and Communities
  - Focus efforts to bring energy efficiency benefits to income eligible customers and leverage the Market Development Initiative to promote workforce development and grow our network of diverse suppliers.
- Spur Innovation for the Clean Energy Future
  - Accelerate the development and adoption of promising energy efficiency solutions that offer customers a pathway to decarbonization
- Achieve Energy Savings Objectives and Legislated Spending Requirements
  - Balance portfolio objectives to achieve our overall savings objectives and legislative requirements through prudent use of ratepayer dollars.

Serving All Customers

- Public Utilities Act Section 8-104:
  - "In submitting proposed energy efficiency plans and funding levels to meet the savings goals adopted by this Act the utility shall… Demonstrate that its overall portfolio of energy efficiency measures, not including low-income programs described in item (4) of this subsection (f) and subsection (e-5) of this Section, 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."
- Balance portfolio priorities—business in PGL and NSG perform very cost effectively, which allows to dedicate extra dollars to segments or customers that are more expensive

Prioritize Underserved Communities

- Three-Pronged Strategy to Prioritize Underserved Communities
  - Bring Energy Efficiency Benefits to Income Eligible Customers
  - Invest in Workforce Development/Job Seekers Program
  - Grow Network of Diverse Suppliers
- Have been doing well the past four years—continue to have significant investment plan for Income Eligible customers. Impacts of IE and MDIs have strong impacts in the communities

Income Eligible Program Successes

- Over time, have had a real growth and investment for IE customers. Includes what's been delivered for PGL and NSG
- IE Total Verified Spend Plan 3 - $34,583,141
  - First time serving IE community with dedicated funds.
- IE Total Budget in Plan 4

  - With stakeholder support and Plan 3 knowledge, increased spending by 46% from Plan 3 to Plan 4.
  - Have ramped up ability to serve IE customers and
- IE Total Budget in Draft Plan 5
  - Designed to deliver to PGL and NSG IE customers – continue to increase investments by 18% to deliver more than $59 million in both of territories

Income Eligible Program Successes

- School Kits: Empowering Students
  - Designed to teach students how to use energy wisely in their homes. Teachers receiving lesson plans, utility books, and engaging activities for in and out of classroom.
  - Positive response from teachers and students are engaged in kit program.
- Chicago Housing Authority: Trumball Park Homes
  - Large CHA unit, team meets with CHA on bi-weekly basis. CHA identified Trumball Park homes as site as it was most inefficient of their portfolio.
  - Steam Trap Project
  - Traps Tested: 275
  - Traps Replaced: 84
  - Total Incentives: $131,500
  - Total Savings: 17,586 therms
  - Customer Cost: $0

Driving Diversity and Growth in the Workforce

- Goal is to build a diverse and thriving workforce
- Pathways to Success through the Market Development Initiative (MDI)
  - Workforce Development
    - Coaching – free career coaching to begin search for career
    - Training – three part online training series on how to learn about EE
    - Resources – additional resources through local orgs and support services
    - Assistance – after EE training completed, $300 one-time payment for job seeker to support work
    - Employment – connect job seekers with trade allies, hire within trade ally programs
  - Diverse Supplier
    - Get Support – newly established diverse contractor academy to help contractors grow diverse business
    - Get Certified – resources to help apply for diverse certification
    - Get Noticed – highlight them through “find a trade ally tool”
    - Get Connected – graduates gain access to exclusive events and partnerships
    - Grow your Business – $5,000 microgrants to graduates in career growth

Market Development Initiative (MDI) Results

- Workforce Development Track – launched in January
  - Recruitment and Application
    - 9.8 million Digital Ad Impressions
    - 15+ local organizations with flyers / info cards
    - 500+ Career Coach Engagements

    - Skills Training
        - 310+ External Training / Resource Referrals
        - 96 EE Track Candidates
        - 9 EE 3-part Training Series Completed to Date (in the first year),
    - Placement and Mentorship
        - 15 New Energy Efficiency Employers Registered
        - 4 Job Placements of MDI Candidates
- Diverse Supplier Track – Diverse Suppliers
    - 4 Applications to Diverse Business Contractor Academy; 1 Business Enrolled – launched September 17
    - Fast-Track Diverse Certification Academy launching in October

Spur Innovation for the Clean Energy Future

- Want to build on the momentum achieved through EE programs and MT programs. Continue to work with other utilities to see what can work on together
- Identify Customer Needs
    - Carbon X machine in Greys Lake North High School – capturing carbon in school, 6-8 tons of carbon per year. First public high school in US to have this.
- Design Innovative Solutions to Address Those Needs
    - Gas heat pump – can easily integrate in existing HVAC and infrastructure. Most efficient and lowest operating cost for customers. Can help achieve Net Zero.
- Leverage Cost-Sharing Opportunities When Possible
    - Students at Illinois Tech – radiator technology to help energy savings.

Chris Neme: Can you explain the carbon capture technology?

- *Jean Gibson: It's an economizer–it attaches to the exhaust system and captures waste heat from the exhaust to help preheat water in the boilers, resulting in less need to heat the water.*

Customer Data Mapping

- Another tool to use – advanced mapping tool.
- Enables identification of under-participating areas for more targeted and effective outreach
- Includes disadvantaged communities and census level information queries paired with program participation
- Will help increase program delivery, excited to make operational in the plan ahead

Balancing Portfolio Objectives

- Delivering Offerings for All Customers
- Legislative Spending Requirements
    - Need to work within
- Innovative Solutions
- Workforce Development
- Serving IE Customers
- Energy Savings Goals
- Diverse Supplier Network
- TRC Cost-Effectiveness

Peoples Gas and North Shore Gas Draft Plan 5 Summary (2026-2029)

- PGL – avg spend is $34 mil annually
- NSG – avg spend $ 5 mil annually
- Budgets, savings, and cost-effectiveness results are draft and subject to change.
- Draft budgets are set around the 2% budget cap
- 2029 $/therm reflects new furnace standard effective date.
- TRC cost-effectiveness is driven by the updated carbon adder (U.S. EPA 2023).
    - Methodology is consistent with what was done in Plan 4 and does align with approach agreed upon with utilities and stakeholders in recent discussion

Phil Mosenthal: The cost per therm is significantly lower in NSG – what's driving that?

- *Zach Froio: Yes, the spending in NSG is just smaller in NSG compared to Peoples.*

Chris Neme: Comparing this to 2023 actuals, your total therms savings is under 8 million, down 20% (like $9.9 million in 2023), but the budget is up from $24 million in 2023 to $34 million, look like the net effect is almost doubling the cost per unit of savings. Seems like a big change, why is that?

- *Christina Frank: Will need to look at exact math there— but in general the cost for our programs are going up, driving more budget into IE programs that produce less savings overall. I don't have comparison to 2023 in front of us but we can look at and get back to you.*
- *Chris Neme: Yes, would be helpful. The total budget going up 40% and the IQ budget is not going up too much. Would be helpful to dig into more as we get further along in this process.*

Kari Ross: Can you talk about the change in WAML over four years?

- *Zach Froio: I have to confirm, but the measure mix is changing starting with the new furnace standard in 2029.*

Peoples Gas Portfolio Summary

- Designed to plan to achieve savings objectives
- Are looking to increase investment in IE customers – plan 4 aim is 11.9 mil/year to IE, have had good success, probably surpassed.
    - In Plan 5, achieve annual avg spend of $14 mil/year
    - Caveats, to get to spend level:
        - Will be necessary to leverage cost effectiveness of business program, biz using 14% of budget to delivery 38% of savings
        - This plan is modeled on the assumption that IE will be delivered jointly with ComEd
            - Continue to support MDI program, with dedicated $7 mil budget annually to the program

North Shore Gas Portfolio Summary

- Highlights:
    - NSG home and building stock is far different than PGL. NSG more limited to serve IE customers in multifamily buildings.
    - Not an active CAA in the area
    - $723,000/year for IE customers, modeling on assumption that IE programs delivered jointly with ComEd.

    - An even larger reliance on business program – 21% of budget gain 58% of savings
    - MDI budget: $100,000 per year

Overview of Income Eligible Programs

- Income Eligible Program be jointly delivered with ComEd
    - Home Energy Savings – comprehensive
        - Retrofits
        - Home Energy Assessments
        - IHWAP
    - Kits
        - Elementary Education Kits
        - Community Kits
    - Multi-Family Energy Savings - comprehensive
        - Retrofits
        - Public Housing
        - IHWAP

Income Eligible Program Details

- PGL
    - MF ES offering represent 62% of IE budget
- NSG
    - MF ES offering represent 62% of IE budget

Overview of Residential Programs

- Residential Market Rate
    - Market Rate Single Family
        - Home Energy Assessment (joint program)
        - Smart Thermostat (coordinated program)
        - Home Energy Rebate
        - Kits
        - Elementary Education Kits (joint program)
            - Epic Savers
    - Market Rate Multi-Family
        - Multi-Family Energy Assessment (joint program)
        - Multi-Family Prescriptive, Custom, PTA (Partner Trade Ally)

Chris Neme: How much of the SF budget is devoted to equipment and rebates, vs weatherization measures?

- *Jean Gibson: Not sure if we have that detail readily available right now. Will be sending batch files with the details [to negotiating stakeholders].*
- *Chris Neme: Can you say directionally if it's similar to the past or growing more?*
- *Christina Frank: Directionally it's about the same, there are many similarities to what presenting now and current program structure.*

Residential Program Details – Budgets

- PGL – see slide 25 for numbers
- NSG – see slide 25 for numbers

Overview of Business Programs – ways to save for commercial and industrial customers

- Business
  - Commercial & Industrial
    - Prescriptive
    - Custom
    - Gas Optimization
    - Retro-Commissioning (coordinated programs)
  - Smal/Mid-Size Business
    - Prescriptive
    - Custom
  - Commercial Food Service (coordinated programs)

Business Program Details

- PGL – see slide 27 for numbers
- NSG – see slide 27 for numbers

Overview of Public Sector Programs

- Public Sector
  - Prescriptive
  - Custom
  - Gas Optimization
  - Retro-Commissioning (coordinated programs)

Public Sector Program Details

- 2026-2029 Annual Average
- Continue to have a number of achievements for partners in public sectors – Chicago Public Schools, Cook County
- Budgets built to support 10% spend requirement

Annual Average Portfolio Level Costs

- PGL – portfolio budget – 24%
  - 3% is evaluation
- Portfolio Admin – SAG participation, recording, stakeholder collaboration, utility collaboration, IRA collaboration
- Devoting additional dollars to marketing and education to account for the fact that are seeing increased cost from vendors in the area and reach customers we haven't reached before. Having to get more sophisticated to reach certain customers in communities

Chris Neme: The marketing costs on this slide are general marketing, not things tied to draw customers to insulate houses, or buy more efficient furnaces, etc.?

- *Jean Gibson: The dollars for marketing are in the program budget, but we need to build general baseline awareness of programs to build trust with customers; program marketing digs in deeper and driving that actual activity. With increased focus on IE, a level of trust and awareness needs to be built, and we need to be in their communities to work more closely with them.*
- *Chris Neme: I'm skeptical that that level of portfolio spending is actually productive. Also curious as to why portfolio admin is $3.5 million, which is double in 2023.*
- *Jean Gibson: Agree that it's best to direct as much as funding directly to customers. The work in IL includes a lot of engagement with stakeholders and increased reporting after*

recent Policy Manual discussions and TRM activities--these efforts are supported by labor and tools and increasing costs.

- *Chris Neme: It will be important to have more specifics to rationalize the 100% increase in this.*
- *Christina Frank: We will be prepared to talk about that. We are looking out to 2029 here as well, so there is quite a bit of cost increase we expect to see between 2023 and 2029 numbers here. Overall, while the % might look higher for PGL and NSG, we have smaller budgets, but still takes the same amount of work and coordination.*

Phil Mosenthal: Can you talk more on what you plan to spend the $1.2 million (combined) on in R&D?

- *Jean Gibson: Continuation of investments already made and new technologies – anything in particular you're interested in?*
- *Phil Mosenthal: I would like to look at what the technologies are and how the money breaks out.*

Next Steps

- Where We're Going
  - Oct. 30, 2024: Large Group SAG Stakeholder Feedback Presentations
  - Nov. 2024 – Jan. 2025: PGL/NSG Negotiation Meetings (Nov. 14 & 20; Jan 9)
  - Dec. 13, 2024: Final Stakeholder Negotiation Requests Due
  - Jan. 21, 2025: Draft Stipulation Due
  - Jan. 27, 2025: Stakeholder Comments Due
  - Feb. 3, 2025: Final Draft EE Plan with Finalized Stipulation Due
  - Feb. 10, 2025: Negotiating Stakeholder Comments Due
  - Mar. 1, 2025: Plan Filing Deadline

Kari Ross: Will some of the detail on portfolio costs be available?

- *Jean Gibson: We can address that in future negotiations.*

Closing and Next Steps

- Interested SAG participants to notify SAG Facilitator (Celia@CeliaJohnsonConsulting.com) **by Thursday, October 17** if you plan to present feedback on the ComEd draft EE Plan or PG-NSG draft EE Plan.
- The Large Group SAG meeting to present feedback to ComEd is **Tuesday, October 29** (9:30 am – 12:30 pm), by teleconference.
- The Large Group SAG meeting to present feedback to PG-NSG is **Wednesday, October 30** (9:30 am – 12:30 pm), by teleconference.

ComEd Draft EE Plan Follow-up Items:

1. Provide additional information on exterior lighting numbers.

Peoples Gas & North Shore Gas Draft EE Plan Follow-up Items:

1. Provide additional details about savings and budget compared to 2023 actuals.
2. Confirm why the Weighted Average Measure Life (WAML) is changing over the 4-year plan.
3. Provide additional details on Research & Development, including technologies and budget.