

**Non-Financially Interested Parties’\*  
Response to  
Nicor Gas  
2026-2029 Energy Efficiency Plan**

**November 6, 2024 -- SAG Meeting**

\*NRDC, Illinois Attorney General, National Consumer Law Center, City of Chicago, Aces 4 Youth, Dark Sky Initiative, People for Community Recovery, Blacks in Green, ICC Staff\*\*

\*\*ICC Staff participating in discussion and negotiations only as a non-stakeholder, and will not be a signatory to any stipulation coming out of negotiations.

# Things We Liked

- Company's commitment to Income Qualified programs (but need more)
- Increasing Residential Air Sealing and Insulation (ASI) budgets (but need more)
- Commitment to Market Development Initiative (MDI) (but should be joint with ComEd and other northern IL utilities)
- "High Performance Windows" Market Transformation program

# Things We'd Like to Change and/or Have Questions About...



# Portfolio-level costs

- Overall Nicor EE budget will increase from \$45.71 million/year to \$57.80 million/year; represents a 26.4% increase
- Portfolio-level budget increased by 24.4%
- Overall budget increase shouldn't necessarily translate into equivalent increase in Portfolio-level admin cost increase
- This significant increase is unnecessary and could be reallocated to IQ programs

**Nicor Portfolio Level Budget Costs**  
**Current vs. 2026-2029 Plan – 24.4% increase**

Portfolio-Level Costs by Portfolio Cost Category (Section 8-103B/8-104 EEPS)	PY2023 Actuals	Proposed '26-'29 Plan Annual Avgs
Research and Development - Demonstration of Breakthrough Equipment and Devices Costs	\$1,370,000	\$1,730,000
Market Transformation Programs	\$2,290,000	\$2,890,000
Evaluation Costs	\$1,370,000	\$1,730,000
MDI	\$1,500,000	\$1,950,000
Marketing Costs (including education and outreach)	\$1,000,000	\$1,090,000
Portfolio Administrative Costs	\$2,180,000	\$2,680,000
<b>Total North Shore Gas Portfolio-Level Costs</b>	<b>\$9,710,000</b>	<b>\$12,080,000</b>

# **IQ Spend – Increase Needed**

**Given continual increases in utility rates, including Nicor's, (record-setting rate increase granted in 2023), additional IQ spending is necessary and supported by demographic data.**

- Current IQ budget: \$13 million/year
- Nicor-proposed IQ budget, 2026-2029: \$15.08/year
- Stakeholders: Increase IQ budget to \$19 million/year

# **IQ Spend – Increase Needed**

## **Recommendation for budget shifts to achieve that goal:**

- Reallocate dollars from Portfolio-level costs
- Additional budget dollars from R&D.
- Additional budget dollars from market transformation
  
- Eliminate elementary school kits and reallocate to IQ weatherization
  - Kit measure in-service rate unknown, particularly for gas measures
  - “Energy Saving Kits” – increase weatherization instead

# IQ Programs

- WAML (Weighted average measure life)
  - Slide 29 shows 15-year WAML average decreasing to 14.1
    - Unclear why this is the case
    - Planning to increase kits budget? (Oppose expansion of kits)
  - We'd like to see increased allocation to weatherization – both SF and MF, with emphasis on installation of building envelope measures, and major measure installs by ComEd. (Need to review batch files to assess measure assumptions.)
  - No incentives for gas furnaces EXCEPT for installation of gas furnaces in income-eligible homes and buildings when furnace no longer working, requires significant maintenance or is a health and safety hazard.



# Savings Goals

- Must assume some leveraging of IRA HOMES rebates (weatherization measures);
- Work jointly with ComEd on the leveraging/braiding effort
- Need to see batch files (with individual measure cost and savings assumptions) to make further recommendations

# Residential (Market Rate) Programs

- Stakeholder positions:
  - Appreciate commitment to air sealing and insulation
  - No gas heat pump installations in residential applications\*
  - No gas furnaces in market rate (non-income-qualified) residential applications
- We'd like to see significant ramp-up of market-rate weatherization measures (without negatively impacting IQ weatherization budget allocation);
- Emphasis should be on building envelope measures for moderate income areas
- Eliminate all new housing construction programs – should be all-electric programs

\*IL AG's office still assessing this

# Market Development Initiative (MDI)

- Appreciate the continued commitment to the MDI program. However, as structured, stakeholders and customers have no understanding of MDI achievements relative to goals or metrics.
- Recommend that northern IL utilities (ComEd, PGL/NS, and Nicor) create a joint MDI program
  - Makes no economic or practical sense to have 3 separate approaches to building a more diverse workforce and implementation opportunities
- Need specific metrics and goals relative to budget to be created, with stakeholder input
- Need for lower tier implementer/trade ally ombudsman role, as previously requested

# Business and Public Sector Programs

- Need batch files to be able to provide more specific comments about programs and measures
- Business Optimization Program – need more specifics. Is this retrocommissioning?
- Small Business program – should be a joint program
- Eliminate Commercial Industrial New Construction (CNC) – okay to do customer gas process equipment program
- Public Sector: Stakeholders would like a breakdown on public sector program content by type of public building, i.e., schools, libraries, municipal buildings, etc.
- No new combined heat and power (CHP) measures\*

\*IL AG still assessing this

# Next steps

- We look forward to reviewing batch files to better understand assumed measure mix, and assumed cost per therm
- Look forward to negotiations