



Date: October 14, 2016

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

Program Year 6, 1st Quarter Qualitative Report, June 2016 - August 2016

Pursuant to the Illinois Commerce Commission (“Commission”) final order in Docket No. 13-0550, attached is the Program Year 6 (PY6), First Quarter (1Q) qualitative report accompanying the PY6, 1Q quantitative report which details program results from a savings and cost perspective.

By utility and each of the five programs in the portfolio, the following is summarized:

- a. Program activities
- b. Implementation modifications
- c. Additions or discontinuations of specific measures or services
- d. Changes due to EM&V Input, TRM changes, NTG changes, or market research findings, and
- e. TRC screening results for new measures added.

The Peoples Gas Light and Coke Company (PGL) program highlights begin on Page 2; North Shore Gas Company (NSG) program highlights begin on Page 7.

Peoples Gas

Portfolio Performance Overview

- At the end of the first quarter, the Peoples Gas Natural Gas Savings Programs have achieved 11% realized savings, utilizing 14% of the budget. All programs are proceeding as forecast, with the majority of Program savings coming during the heating season.

1. Residential Programs

a. Program Activities

- The PGL Residential Programs (Home Energy Jumpstart and Home Energy Rebates) achieved 17.8% of the savings goal through Q1 using 14.7% of the budget.
- The Home Energy Rebate Program accounted for over half of Residential Program savings realized through the quarter. A substantial increase in weatherization performance, namely air sealing, contributed to the high therm savings.

b. Implementation Modifications

- Home Energy Advisors completed trainings on duct sealing, air sealing and attic insulation to help identify opportunities, assist with in-home customer education and promote participation in other Program areas.

c. Addition or Discontinuation of Specific Measures or Services

- Wall insulation was added to the Home Energy Rebate Program to round out the weatherization offering.

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

- IL Statewide TRM Version 5.0 resulted in a reduction in gross therms saved through air sealing by 57%.

e. For New Measures Added, TRC Screening Results

- Wall insulation, TRC = 0.24.
 - This measure was added as a bundled measure within weatherization. Wall insulation is only allowed when completed in conjunction with air sealing. This measure is typically installed as part of a complete air sealing, attic insulation, and wall insulation bundle and we expect a low volume that will have a limited impact on program TRC.

2. Multi-Family Programs

a. Program Activities

- The PGL Multi-Family Program (Multi-Family Jumpstart, Prescriptive, Partner Trade Ally, Custom and Gas Optimization Programs) delivered strong results in Q1, realizing 18.6% of the savings goal with 19.3% of the budget while building a pipeline of 52%.
- Steam pipe insulation continues to be a top measure for Multi-Family customers through our Partner Trade Ally Program.
- Due to strong customer demand, the Jumpstart Program increased the number of crews from an initial plan of 2 to 3.5 crews.

b. Implementation Modifications

- Reviewed Prescriptive and Partner Trade Ally application and further differentiated pricing and incentive caps to drive trade allies to become partners with the program.

c. Addition or Discontinuation of Specific Measures or Services

- Addition of Domestic Hot Water Storage Tank Insulation.
- Removed indoor pool and spa covers due to lack of participation in previous program years.

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

- Reduction in steam trap savings by approximately 50% based on IL TRM version 5.0 and the assumed pressure used in multi-family buildings
- Require programmable thermostats to be capable of 7 different daily schedules instead of the 2 separate schedules for weekdays and weekends
- Reduced minimum qualifying domestic hot water supply temperature from 140 degrees to 125 degrees for on-demand circulating hot water pumps

e. For New Measures Added, TRC Screening Results

- Domestic Hot Water Storage Tank Insulation, TRC = 1.32

3. Residential Outreach and Education Programs

a. Program Activities

- The Home Energy Reports Program will begin report delivery in October to align with the launch of the heating season.
- The Elementary Education Program has begun school outreach for PY6. Working towards increased goal of 14,000 kits (up from 4,250 kits in PY5). Expecting enrollment to be complete by end of Q2.

b. Implementation Modifications

- Increased budget for Elementary Education program to accommodate 14,000 kits, up from 4,250 in PY5.

c. Additions or Discontinuation of Specific Measures or Services

- None in Q1

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

- None in Q1

e. For new measures added, TRC screening results

- None in Q1

4. Business Programs

a. Program Activities

- The PGL Business Programs (Jumpstart, Engineering Studies, Prescriptive, Custom, and Gas Optimization) achieved 8.8% realized savings through Q1 using 11.5% of the budget.

b. Implementation Modifications

- A Smart Check Assessment Offering was introduced to provide customers with the resources needed to develop a long-term plan for natural gas savings. The results of the Smart Check Assessment will be compiled into a Natural Gas Efficiency Plan that will outline areas with the greatest energy-saving potential, prioritize projects and identify incentives available through the Programs.

- c. Additions or Discontinuation of Specific Measures or Services
 - The Smart Check Assessment described above was introduced in Q1.
 - Three Combination Oven measures were added to the Prescriptive path to align with our Midstream Food Service Pilot. While these measures have TRCs below 1, the Distributor-Participants felt they were needed to round out the offering. These measures will be closely monitored through PY6 to ensure that they don't contribute a disproportionate amount of savings to the Program and impact the overall Program TRC.
- d. Changes Due to EM&V Input, IL TRM changes, NTG Changes, or Market Research Findings
 - Reduction in steam trap savings by approximately 50% based on IL TRM version 5.0
- e. For New Measures Added, TRC Screening Results
 - Prescriptive – Domestic Hot Water Storage Tank Insulation, TRC = 1.32
 - Prescriptive – High Speed Commercial Washers - Hospitality, TRC = 6.73
 - Prescriptive – High Speed Commercial Washers - Laundromat, TRC = 3.03
 - Prescriptive – Process Pipe Insulation for Dry Cleaning Facilities, TRC = 1.56
 - Prescriptive – Combination Oven < 15 Pans, TRC = .21
 - Prescriptive – Combination Oven 15-30 Pans, TRC = .31
 - Prescriptive – Combination Oven > 30 Pans, TRC = .70

5. Small Business Programs

- a. Program Activities
 - The PGL Small Business Programs (Energy Assessment and Direct Install, Prescriptive, Partner Trade Ally, and Custom) achieved 20.6% realized savings in Q1 using 21.5% of the budget. Total pipeline and realized savings through Q1 account for 37% of the program savings goal.
- b. Implementation Modifications
 - The minimum annual therm usage qualification threshold was increased from 60,000 therms to 150,000 therms to expand the impact of the program. We found many single-owner laundromat customers had usages above 100,000 therms.
 - Three Combination Oven measures were added to the Prescriptive path to align with our Midstream Food Service Pilot. While these measures have

TRCs below 1, the Distributor-Participants felt they were needed to round out the offering. These measures will be closely monitored through PY6 to ensure that they don't contribute a disproportionate amount of savings to the Program and impact the overall Program TRC.

- c. Additions or Discontinuation of Specific Measures or Services
 - Added rebates for Domestic Hot Water Storage Tank Insulation, High Speed Commercial Washers, and Process Pipe Insulation for Dry Cleaning Facilities.
 - Discontinued indoor pool and spa covers due to lack of participation.

- d. Changes due to EM&V Input, IL TRM changes, NTG change, market research findings
 - Reduction in steam trap savings by approximately 50% based on IL TRM version 5.0
 - Require programmable thermostats to be capable of 7 different daily schedules instead of the 2 separate schedules for weekdays and weekends

- e. For new measures added, TRC screening results
 - SB Prescriptive – Domestic Hot Water Storage Tank Insulation, TRC = 1.32
 - SB Prescriptive – High Speed Commercial Washers - Hospitality, TRC = 6.73
 - SB Prescriptive – High Speed Commercial Washers - Laundromat, TRC = 3.03
 - SB Prescriptive – Process Pipe Insulation for Dry Cleaning Facilities, TRC = 1.56
 - SB Prescriptive – Combination Oven < 15 Pans, TRC = .21
 - SB Prescriptive – Combination Oven 15-30 Pans, TRC = .31
 - SB Prescriptive – Combination Oven > 30 Pans, TRC = .70
 - SB PTA – Domestic Hot Water Storage Tank Insulation, TRC = 1.32
 - SB PTA – High Speed Commercial Washers - Hospitality, TRC = 6.73
 - SB PTA – High Speed Commercial Washers - Laundromat, TRC = 3.03
 - SB PTA – Process Pipe Insulation for Dry Cleaning Facilities, TRC = 1.56
 - SB PTA – Combination Oven < 15 Pans, TRC = .21
 - SB PTA – Combination Oven 15-30 Pans, TRC = .31
 - SB PTA – Combination Oven > 30 Pans, TRC = .70

North Shore Gas

Portfolio Overview

- At the end of the first quarter, the North Shore Gas Natural Gas Savings Programs have achieved 12% realized savings, utilizing 17% of the budget. All programs are performing as forecast and we expect savings to increase as we enter the heating season.

1. Residential Programs

a. Program Activities

- The NSG Residential Programs (Home Energy Jumpstart and Home Energy Rebates) achieved 59.3% of the Q1 savings goal using 27.7% of the budget with the Home Energy Rebate program contributing more than 80% of total Residential Program savings.
- As part of the Home Energy Rebate program, weatherization measures, such as duct sealing, significantly increased their share of realized therms. Through Q1 these measures made up nearly two-thirds of all NSG Home Energy Rebate therms.

b. Implementation Modifications

- Home Energy Advisors completed trainings on duct sealing, air sealing and attic insulation to help identify opportunities, assist with in-home customer education and promote participation in other Program areas.

c. Addition or Discontinuation of Specific Measures or Services

- Wall insulation was added to the Home Energy Rebate Program to round out the weatherization offering.

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

- IL Statewide TRM Version 5.0 resulted in a reduction in gross therms saved through air sealing by 57%.

e. For New Measures Added, TRC Screening Results

- Wall insulation, TRC = 0.24.
 - This measure was added as a bundled measure within weatherization. Wall insulation is only allowed when completed in conjunction with air sealing. This measure is typically installed as part of a complete air sealing, attic insulation, and wall insulation bundle

and we expect a low volume that will have a limited impact on program TRC.

2. Multi-Family Programs

a. Program Activities

- The NSG Multi-Family Program (Multi-Family Jumpstart, Prescriptive, Partner Trade Ally, Custom and Gas Optimization Programs) achieving 1.6% of the savings goal using 13.8% of the budget. 100% of the savings achieved in this path were delivered through the Jumpstart (DI) program.

b. Implementation Modifications

- Reviewed Prescriptive and Partner Trade Ally application and further differentiated pricing and incentive caps to drive trade allies to become partners with the program.

c. Addition or Discontinuation of Specific Measures or Services

- Addition of Domestic Hot Water Storage Tank Insulation
- Removed indoor pool and spa covers due to lack of participation

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

- Reduction in steam trap savings by approximately 50% based on IL TRM and the assumed pressure used in multi-family buildings
- Require programmable thermostats to be capable of 7 different daily schedules instead of the 2 separate schedules for weekdays and weekends
- Reduced minimum qualifying domestic hot water supply temperature from 140 degrees to 125 degrees for on-demand circulating hot water pumps

e. For New Measures Added, TRC Screening Results

- Domestic Hot Water Storage Tank Insulation, TRC = 1.32

3. Residential Outreach and Education Programs

a. Program Activities

- The Home Energy Reports Program will begin report delivery in October to align with the launch of the heating season.

- The Elementary Education Program has begun school outreach for PY6. Working towards increased goal of 3,000 kits (up from 700 kits in PY5). Expecting enrollment to be complete by end of Q2.
- f. Implementation Modifications
- Increased budget for Elementary Education program to accommodate 3,000 kits, up from 700 in PY5.
- b. Additions or Discontinuation of Specific Measures or Services
- None in Q1
- c. Changes Due to EM&V Input, IL TRM Changes, NTG Changes, or Market Research Findings
- None in Q1
- d. For New Measures Added, TRC Screening Results
- None in Q1

4. Business Programs

- a. Program Activities
- The NSG Business Programs (Jumpstart, Engineering Studies, Prescriptive, Custom, and Gas Optimization) achieved 14.4% realized savings through Q1 using 16.9% of the budget.
- b. Implementation Modifications
- A Smart Check Assessment Offering was introduced to provide customers with the resources needed to develop a long-term plan for natural gas savings. The results of the Smart Check Assessment will be compiled into a Natural Gas Efficiency Plan that will outline areas with the greatest energy-saving potential, prioritize projects and identify incentives available through the Programs.
- c. Additions or Discontinuation of Specific Measures or Services
- The Smart Check Assessment described above was introduced in Q1.
 - Three Combination Oven measures were added to the Prescriptive path to align with our Midstream Food Service Pilot. While these measures have TRCs below 1, the Distributor-Participants felt they were needed to round out the offering. These measures will be closely monitored through PY6 to

ensure that they don't contribute a disproportionate amount of savings to the Program and impact the overall Program TRC.

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

- Notable IL TRM changes affecting the Business Program included a reduction in steam trap savings by approximately 50%

e. For New Measures Added, TRC Screening Results

- Prescriptive – Domestic Hot Water Storage Tank Insulation, TRC = 1.32
- Prescriptive – High Speed Commercial Washers - Hospitality, TRC = 6.73
- Prescriptive – High Speed Commercial Washers - Laundromat, TRC = 3.03
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- Prescriptive – Combination Oven < 15 Pans, TRC = .21
- Prescriptive – Combination Oven 15-30 Pans, TRC = .31
- Prescriptive – Combination Oven > 30 Pans, TRC = .70

5. Small Business Program

a. Program Activities

- The NSG Small Business Programs (Energy Assessment and Direct Install, Prescriptive, Partner Trade Ally, and Custom) achieved 48.6% realized savings in Q1 using 26.8% of the budget.

b. Implementation Modifications

- The minimum annual therm usage qualification threshold was increased from 60,000 therms to 150,000 therms to expand the impact of the program. We found many single-owner laundromat customers had usages above 100,000 therms.
- Three Combination Oven measures were added to the Prescriptive path to align with our Midstream Food Service Pilot. While these measures have TRCs below 1, the Distributor-Participants felt they were needed to round out the offering. These measures will be closely monitored through PY6 to ensure that they don't contribute a disproportionate amount of savings to the Program and impact the overall Program TRC.

c. Additions or Discontinuation of Specific Measures or Services

- Added rebates for Domestic Hot Water Storage Tank Insulation, High Speed Commercial Washers, and Process Pipe Insulation for Dry Cleaning Facilities.
- Discontinued indoor pool and spa covers due to lack of participation.

- d. Changes due to EM&V Input, IL TRM changes, NTG change, market research findings
 - Reduction in steam trap savings by approximately 50% based on IL TRM version 5.0
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