

**North Shore Gas Company and The Peoples Gas Light and Coke Company
2022-2025 Energy Efficiency Plan
Settlement Term Sheet
February 26, 2021**

This Stipulation Agreement (“Stipulation Agreement” or “Stipulation”) is the result of negotiation at arms’ length between and among North Shore Gas Company and The Peoples Gas Light and Coke Company, and stakeholders including: the Staff of the Illinois Commerce Commission (“Staff”), the Citizens Utility Board (“CUB”), the Natural Resources Defense Council (“NRDC”), the People of the State of Illinois, by Kwame Raoul, Attorney General (“AG”), the City of Chicago (“City”)¹, Community Organizing and Family Issues (“COFI”), by its attorney, National Consumer Law Center (“NCLC”), ACES 4 Youth (“ACES”), the Environmental Law and Policy Center (“ELPC”),* and the Green Power Alliance (“GPA”) (collectively, the “Parties”). The Parties, all of whom have been represented by counsel or had the opportunity to consult with counsel, and memorializes the Parties’ agreements. Thus, the Parties, intending to be legally bound and acknowledging the benefit to be derived from the mutual promises and commitments contained herein, agree as follows:

I. Plan Stipulations

A. Overview

The Parties agree that the compromise positions memorialized in this Agreement allow for North Shore Gas Company (“NSG” or “North Shore”) and The Peoples Gas Light and Coke Company (“PGL” or “Peoples Gas”), herein referred to as to “Companies” or “NSG-PGL” to meet the modified statutory savings goals as described in 220 ILCS 5/8-104(c) (“Section 8-104(c)”) of the Illinois Public Utilities Act (the “Act”) given the budgetary limitations on energy efficiency program recoveries under Section 8-104(d). The Parties agree that the energy efficiency plan for 2022-2025 (“Plan”) for NSG and PGL shall achieve the modified savings goals as indicated herein and permitted under Section 8-104(d) of the Act, subject to the modifications pursuant to the Adjustable Savings Goal policy under the Illinois Energy Efficiency Policy Manual (the “Policy Manual”) and pursuant to the limitations identified herein. The Parties further agree that the Plan, which expressly relies on and incorporates the Energy Efficiency Policy Manual Version 2.0 and the Illinois Technical Reference Manual Version 9, complies with the requirements and satisfies the obligations set forth in Section 8-104 of the Act. The Parties further agree to support or not oppose Commission adoption and approval of the provisions set forth in this Stipulation Agreement in their entirety, and as incorporated in this portfolio of energy efficiency programs to be implemented by North Shore and Peoples Gas for the period from January 1, 2022 through December 31, 2025, in the Commission’s Final Order approving the Plan. To the extent that any provision in this Stipulation is not specifically memorialized in the filed Plans, the Companies agree that they will implement the Plans consistent with the terms of this Stipulation.

The Parties agree that the North Shore and Peoples Gas Plans, inclusive of the

¹ Note the City is executing this Stipulation Agreement only as to Peoples Gas.

*Please note at the time of this filing, ELPC’s signature is forthcoming. An updated NS-PGL Ex. 1.8 will be filed when received.

compromise positions memorialized in this Stipulation, and subject to the Parties' final review of the Companies' filed Plans and accompanying exhibits, are consistent with and satisfy the statutory obligations listed in Sections 8-104(e-5) and (f).

B. Portfolio Level Stipulations

1. Savings

The Parties agree it is highly unlikely that the Companies could achieve the statutory savings requirements defined in Section 8-104(c) of the Act and also meet the requirement of Section 8-104(d) to limit the estimated average increase in the amounts paid by retail customers to no more than 2%.

To that end, the Commission can and should reduce energy savings requirements for North Shore and Peoples from the statutory requirements of Section 8-104(c) to the following amounts for Plan:

Peoples Gas

- a. Annual average net savings of 8.0 million therms for each year of the Plan.
- b. Savings of 31.8 million net therms for the four-year Plan period.

North Shore

- c. Annual average net savings of 1.5 million therms for each year of the Plan.
- d. Savings of 6.2 million net therms for the four-year Plan period.

Savings indicated above are estimates and may change based on future updates to the Plan model. The official approved savings goals will be those set forth in the completed Adjustable Savings Goal Spreadsheets, as those may be updated annually based on the Adjustable Savings Goals policy approved in Section 6.3. of the Illinois Energy Efficiency Policy Manual Version 2.0.

Additionally, the Parties shall agree to the following for the Plan:

- e. The Companies may meet the total savings goal across the four years.
- f. The Companies will operate and implement their energy efficiency programs in a manner that seeks to ensure that no disruption in the delivery of measures and programs will occur during the course of a program year.

The first-year annual net therm savings goals for 2022, 2023, 2024, and 2025, reflected in the completed Adjustable Savings Goal Spreadsheet filed with the Plan are each subject to change based upon the following adjustments, consistent with the

Adjustable Savings Goals policy approved in Section 6.3. of the Illinois Energy Efficiency Policy Manual Version 2.0 (“Policy Manual”).

- g. Changes to savings algorithms defined in annual updates to the Illinois Energy Efficiency Technical Reference Manual (“IL-TRM”)
- h. Changes to net-to-gross (“NTG”) factors defined in annual updates to the Illinois NTG Policy. Adjustments for NTG changes will be limited by a NTG “collar”, as defined in Section 6.3 of the Policy Manual, for the following programs and pathways:
 - i. For any offerings or groups of offerings within programs or program pathways that have individual NTG values, and which account for 10 percent or more of Portfolio Plan annual savings, adjustments will only be made for NTG changes outside of a collar of ten percentage points , subject to review of plan and related batch files:
 - a. North Shore
 - (1) Standard Rebate Path in C&I program
 - b. Peoples Gas
 - (1) Standard Rebate Path in C&I program
 - (2) Partner Trade Ally Rebate Path in Multi-Family program
 - (3) Standard Rebate Path and Partner Trade Ally Rebate Path in Small/Midsized Business program

2. Budget

The Parties agree that Section 8-104(d) sets forth the planning budgets that may be used for the NSG and PGL Plan, and that Table 2 below accurately identifies the planning budgets to be used for Plan in a manner consistent with Section 8-104(d).

Peoples Gas

- a. Annual Average Budget of \$29,049,031 for each year of the Plan.
- b. Budget of \$116,196,124 for the four-year Plan period.

North Shore

- c. Annual Average Budget of \$4,098,600 for each year of the Plan.

- d. Budget of \$16,394,404 for the four-year Plan period.

3. Cost Effectiveness

The Companies agree to present joint Total Resource Cost (“TRC”) and Program Administrator Cost test (“PACT”) results for each program and each portfolio as part of its 2022-2025 Plan filing and any ex-post cost effectiveness reporting. Results will be combined gas/electric results for programs saving both fuels. Results will include benefit-cost ratios as well as the net present value (“NPV”) of benefits, costs and net benefits for the following scenarios: with and without non-energy impacts (“NEIs”) (if available at the time of evaluation), as well as, at the portfolio-level TRC, with and without income qualified programs. To the extent there are delays in receiving the joint program cost-effectiveness details from other utilities, The Companies may file the joint TRC and PACT test results after the initial Plan filing, but no later than April 15, 2021. To the extent there are delays in receiving the joint program cost-effectiveness details from other utilities, the Companies may file the joint TRC and PAC test results after the initial Plan filing, but no later than April 15, 2021.

4. Work papers

Upon the filing of the 2022-2025 Plans with the Commission, the Companies agree to provide the Parties with all work papers (in their native file format) that support each Company’s 2022-2025 Plan, testimony, and exhibits.

5. Adjustable Savings Goals

The Companies will file the completed gas adjustable savings goal spreadsheets with their 2022-2025 Plan filings.

To enable efficient annual review by the evaluators of the adjustable savings goal spreadsheet in accordance with Section 6.3 of the Illinois Energy Efficiency Policy Manual Version 2.0 (“Policy Manual”) and to ensure accuracy in the Illinois Statewide Technical Reference Manual for Energy Efficiency (“IL-TRM”) calculations, the Companies will have the evaluators verify the accuracy in the IL-TRM calculations used to derive the measure savings that form the initial savings goals in an adjustable savings goal spreadsheet and will provide in the record the completed adjustable savings goal spreadsheets in the 2022-2025 Plan filing(s) as described below. The Companies agree to file their completed adjustable savings goal spreadsheets in their 2022-2025 Plan docket by April 15, 2021. In advance of filing their completed adjustable savings goal spreadsheet, the Companies will consult with Ameren Illinois and Nicor Gas on a consistent statewide adjustable savings goal template to use, and will leverage to the greatest extent possible the transparent structure of the statewide adjustable savings goal template used for the last Plan.

6. Weighted Average Measure Life (WAML)

- a. While NSG/PGL retains the flexibility, as documented in Section 6.1 of the Illinois Energy Efficiency Policy Manual Version 2.0 (“Policy Manual”), to shift resources between programs and measures, NSG-PGL agree that they will not exercise this flexibility in a way that results in a portfolio weighted average

measure life (“WAML”) decrease greater than 1 (one) year lower than each of the filed Plans that are the subject of this Stipulation.

b. The WAML targets will be adjusted on an annual basis to align with changes to measure lifetimes as defined in the annual update to the IL-TRM and as approved by the Commission. This adjustment will rely on applying the new measure lives to the original Plan quantities of measures to produce the new WAML target that would have been set if all measure life changes had been known at the time of the 2022-2025 Plan development. This new adjusted WAML value will then set the baseline from which any deviations are measured. Specifically, North Shore and Peoples Gas will each be limited to no more than a 1 (one) year drop from its new WAML baseline. NSG-PGL will file updated WAML targets within the updated adjustable savings goal spreadsheet that is filed with the Commission.

c. WAML will be calculated as the sum of the net lifecycle savings for all measures delivered in the portfolio divided by the sum of net first-year savings for all measures delivered in the portfolio.

d. The four year portfolio WAML is 10.81 for Peoples Gas and 11.05 for North Shore Gas.

II. Program Level Stipulations

The Parties agree and acknowledge that the following stipulations only address those issues raised during the negotiations of Plan 4. The programs, initiatives and related policies referenced herein may not reflect all of the initiatives or related policies included in Plan 4 and submitted for Commission approval. The Parties agree that the Companies have flexibility to implement their portfolio in accordance with Section 6.1 of the Illinois Energy Efficiency Policy Manual Version 2.0.

A. Residential Program Stipulations

1. Income Eligible (IQ) Overall Spend

- a. Peoples Gas IQ² Spend
 - i. Peoples Gas commits to a dedicated IQ annual average spend of \$11.9 million during the 2022-2025 Plan.
 - ii. Peoples Gas commits to an IQ multifamily (IQ MF) average annual spend of \$6.65 million.
- b. North Shore Gas IQ Spend
 - i. North Shore commits to a dedicated IQ annual average spend of \$681,000 during the 2022-2025 Plan.

² Note “IQ” – Income Qualified and “IE” – Income Eligible are to be treated as synonymous herein and within the associated exhibits filed in the North Shore and Peoples Gas plan dockets.

2. Income Eligible Program Design

a. The Companies shall implement an approach to energy efficiency projects that incorporates comprehensive retrofit activity. A comprehensive retrofit is defined as an energy efficiency project that applies a whole building approach that touches multiple systems and components of an eligible utility customer's residence or business facility, which may include incentives for heating, cooling, and/or the building envelope. Comprehensive retrofit projects focus on improving energy efficiency to result in lower whole-building energy use. The Companies agree to deliver all IQ whole-building programs jointly with ComEd, as referenced below in this Stipulation.

b. The Companies agree to allocate approximately 90% of their dedicated IQ program budget to the whole building IQ single and multifamily programs.

c. The Companies agree to support the full cost of air sealing and insulation upgrades, where applicable, in IQ multi-family buildings that have a payback of 20 years or less.

d. The Companies will not fund early replacements, as defined in the TRM, of gas furnaces, gas boilers or gas water heaters in its utility-only whole-building IQ programs except in cases of emergency, health and safety needs, and/or are necessary to fully install building shell measures. It will, however, support those measures in the IHWAP braided program.

e. The companies commit to develop and deploy a one-stop shop approach for IQ Multifamily program delivery. The Companies will, to the best of their ability, work together with the other Illinois utilities, and subject to agreement with the other applicable utilities in their service territories, to develop a comprehensive strategy consistent with the key features of the Energy Efficiency for All best practice design recommendations.

f. The Companies commit that all measures offered through the IQ programs, whether those measures will be offered as part of a weatherization project or otherwise, shall be provided without co-pays to income eligible customers as the term "income eligible" is defined in the EE Policy Manual.

g. The Companies commit to not actively market On-Bill Financing (OBF) to IQ customers, subject to any limitations of existing tariffs of the Companies.

h. The Companies will support discussions at SAG about OBF.

i. The Companies commit to providing a dedicated website or webpage describing all IQ EE opportunities and linkages to relevant portals or information, to be in place no later than 120 days after January 1, 2022.

j. The Companies agree that they may target households less than or equal to 200% of the Federal Poverty Level (“FPL”), but shall not restrict eligibility of services to just that population. IQ programs will be made available to all households at or below 80% Area Median Income (“AMI”) (recognizing that braided IHWAP programs would limit eligibility to no more than approximately 200% of FPL by law). Any targeting and establishment of eligibility for non-braided multifamily weatherization programs should be simple and not create barriers to participation, consistent with Section 4.3 of the Illinois Energy Efficiency Policy Manual Version 2.0 and its successor(s).

k. For all IQ program offerings including direct installation of smart thermostats, the Companies agree to consider the following criteria before installing smart thermostats:

- i. The appropriate brand and type of thermostat based on the availability of broadband wi-fi in the home;
- ii. Customer interest after smart thermostat functionality has been explained;
- iii. Whether the customer is housebound; and
- iv. Technical issues that would significantly increase labor costs associated with thermostat installations.

l. For all IQ program offerings including direct installation of smart thermostats, the Companies agree to provide the following information to customers receiving smart thermostats:

- i. Verbal and written operating instructions in English and Spanish; and
- ii. A phone number to call for assistance on the use of the product.

3. IHWAP

a. The Companies commit to facilitate regularly occurring communication with Community Action Agencies (“CAAs”) to foster a greater understanding of agency capacity and increased home weatherization capacity to be delivered through the IHWAP braided channel. This engagement will include a plan to endeavor to increase the “number of braided projects served year over year over the course of the Plan. Any planning for braiding programs, including annual budgeting, should be done in consultation and engagement with the CAAs. The Companies agree to report to the SAG on this commitment prior to the establishment of a new annual CAA budget.

b. Consistent with current practice, and subject to agreement by the Illinois Department of Commerce and Economic Opportunity (“DCEO”), the Companies agree to contribute a 50/50 split for each building served in the IHWAP braided program, including contributions to all efficiency measures installed, health and safety measures, and administrative costs (consistent with IHWAP health and safety and administrative cost guidelines). The Companies may claim 100% of the savings achieved through all efficiency measure installations for which it contributes 50% funding through the braided IHWAP channel.

c. The Companies agree to pursue opportunities to provide multifamily weatherization through the same braided IHWAP structure. The Companies will work with the CAAs to encourage and support implementing a multifamily braided program, particularly in areas where there appears to be a need for such a program, and where there is interest from the CAAs. Such support from the Companies may include technical training and equipment.

4. IQ Multifamily Delivery

a. In addition to the development of the one-stop-shop multifamily program design, the Companies agree to create a single-point of contact (including, but not limited to, use of a common online portal) for multifamily building owners to access the multifamily weatherization program, working with Commonwealth Edison, community action agencies and community-based organizations, to the extent those agencies engage in multifamily work.

The Companies agree to ensure that all services address both gas and electric whole-building opportunities and do so in an efficient manner. This includes treating all multifamily buildings in a single, one-stop-shopping fashion that addresses the entire building (both electric and gas), including all residential units and common areas.

b. Notwithstanding the Companies’ commitment to deliver comprehensive, whole building multifamily programs, the Companies may have limited gas-only programs through designated trade allies that have existing relationships with IQ multifamily building owners that would:

i. ensure the MF customer is provided an entry point into the IHWAP braided MF program, the utility-only CAA program, and the utility-only comprehensive (joint) program so that IQ MF building owners are provided access to all comprehensive EE offerings; and

ii. The Companies shall consult with the CAAs and any utility-only joint, comprehensive program implementer in developing the details of such program.

c. The Companies commit to develop a process to best serve mixed use buildings, such as minimizing transaction costs and barriers for the customer and ensuring the design encourages substantial participation, with the intent of comprehensively serving the whole building, where appropriate.

5. Health and Safety -- Weatherization

The Companies agree to the following IQ health and safety (“H&S”) provisions:

a. Split H&S costs 50/50 for services provided through the IHWAP braided program. This cost allocation reflects IHWAP funding 50% of the H&S costs and the remaining 50% being split between the utilities funding the braided projects. Of that, the Companies will fund 50% of the utilities’ portion for jointly funded projects and 100% of the utilities’ portion when Peoples Gas or North Shore are the only funding utility.

b. For utility-only IQ SF and MF programs, investing in building improvement to the extent necessary to both address health and safety concerns and enable weatherization work. That shall initially mean the continuing use of North Shore and Peoples Gas current program guidelines of paying up to \$3,500 per housing unit.

c. Notwithstanding subparagraph b), at a minimum, the Companies commit, for utility-only IQ SF and MF programs, to invest in building improvements to the extent necessary to both address health and safety concerns and enable weatherization work. The Companies agree to discuss any possible changes to this guidance for utility-only IQ SF and MF retrofit programs with SAG and IQ Committee stakeholders in a joint meeting should either the Companies or stakeholders have reason to believe reductions or increases in H&S spending are necessary. The Companies will provide H&S funding for non-IHWAP braided programs as follows:

i. IQ Single Family Upgrades: H&S funding will include up to 15% of the total project costs per home with a not-to-exceed value of \$1,000 per home. This cost will be split 50/50 between the utilities for jointly funded projects or 100% by the Companies for when Peoples or North Shore Gas is the only funding utility.

ii. IQ Multifamily Upgrades: H&S funding will include up to \$2,000 per eligible measure or 50% of the total project, whichever is the greater. This cost will be split 50/50 between the utilities for jointly funded projects or 100% by the Companies when Peoples or North Shore Gas is the only funding utility.

iii. For utility-only IQ SF and MF programs delivered through the Community Action Agencies but not braided with IHWAP funding, the Companies will follow the IHWAP H&S guidelines and either fund

50% for jointly funded utility projects or 100% when Peoples or North Shore Gas is the only funding utility.

d. A commitment to analyzing and assessing the potential for leveraging external sources of funding H&S improvements (i.e., healthy homes initiative).

6. Joint Programs & Utility Coordination

The below commitments are contingent on ComEd making a similar agreement in its own Plan or in a settlement agreement on its own Plan.

a. The Companies will coordinate with ComEd on each utility sharing public sector project leads to help ensure each Company meets its statutory public sector spending goals.

b. The Companies will make all reasonable attempts to reach agreement with ComEd to jointly fund a single rebate for smart thermostats.

c. The Companies will comprehensively serve customers (i.e., address both electric and gas measures) through their IQ whole building retrofit programs, and to the extent that Commonwealth Edison also has a Stipulation for the Plan Period with language comparable to what is in this Section, commits to have in place by January 1, 2022 agreement(s) to jointly deliver or fund these programs with Commonwealth Edison (at least until gas funding becomes constrained). To that end, the Companies commit to:

- i. Ensuring eligible gas and electric efficiency measures are identified and (subject to customer agreement) installed in all homes/buildings treated and
- ii. Ensuring that contracting and/or other systems are in place to ensure individual multifamily building owners will not be recruited or marketed to by more than one of the Companies' implementation contractors; and
- iii. For non-IHWAP-braided Utility Only and Utility-Only CAA IQ single family offerings, if the North Shore and ComEd and Peoples Gas and ComEd are unable to otherwise reach an agreement for joint or coordinated delivery, at a minimum the Companies will agree to:

(a) sell net lifecycle³ kWh savings to ComEd at the average cost per net lifecycle kWh⁴ that ComEd is forecast to incur each year through its own non-CAA IQ single family program; and

(b) purchase net lifecycle therm savings from ComEd at the average cost per net lifecycle therm that ComEd is forecast to incur through its own non-CAA IQ single family program, up to a maximum total cost consistent with the Companies' plan budget limitations.

d. For non-IHWAP-braided Utility Only and Utility-Only CAA IQ multifamily programs, if there are not better options for joint or coordinated delivery that both ComEd and each of the Companies can support, at a minimum the Companies will agree to:

i. sell net lifecycle kWh savings to ComEd at the average cost per net lifecycle kWh that ComEd is forecast to incur each year through its own non-CAA IQ multi-family program; and

ii. purchase net lifecycle therm savings from ComEd at the average cost per net lifecycle therm that ComEd is forecast to incur each year through its own non-CAA IQ multi-family program, up to a maximum total cost consistent with the Companies' plan budget limitations.

e. For any non-IQ single-family and multifamily weatherization programs, the Companies will make best efforts to reach agreement with ComEd to create, promote and support investment in building envelope improvements in non-IQ homes. If the Companies and ComEd are unable to otherwise reach an agreement for joint or coordinated delivery, at a minimum the Companies will agree to:

i. Sell net lifecycle kWh savings to ComEd from the Companies' non-IQ weatherization program(s) at the average cost per net lifecycle kWh saved that ComEd is forecast to incur each year across its entire portfolio of energy efficiency programs.

f. The Companies commit to work with ComEd to streamline the customer experience and reduce possible customer confusion. The Companies shall make best efforts to:

³ Lifecycle savings equal the total amount of savings produced over the life of the measure, after accounting for any baseline shifts, savings degradation and/or other adjustments.

⁴ Average cost per unit of lifecycle savings equals total cost associated with generating the savings (i.e., program costs, including implementation and incentive costs, but not portfolio level costs), divided by lifecycle savings.

i. Reach agreement on joint processes, including exploring opportunities for joint enrollment forms, customer intake portals, and program marketing materials; and

ii. Reach agreement on a common set of electric and gas measures offered and reporting to SAG on the measures included in the jointly delivered programs.

g. The Companies will continue providing reporting details on joint delivery in its ICC-filed quarterly reports.

B. Utility-Only Programs: Equity and Eligibility

1. The Companies will provide reporting, tracking, and evaluation for IQ single family versus IQ multifamily programs.

2. Customers who receive weatherization services through a utility-only IQ program will not be required to make a co-pay on any weatherization measure offered. Consistent with this requirement, on-bill financing should not be offered to single family customers for their participation in utility-only income-qualified weatherization programs. Subject to the limitation of the Companies' applicable tariffs, in the case of IQ MF weatherization, the Companies will provide guidance to their contractor networks that OBF should only be offered to building owners (if measures aren't fully covered). The utilities will consult with the other utilities, interested stakeholders and CAAs with experience in offering income-qualified multifamily weatherization services in Illinois before establishing building owner co-pays or OBF terms for such services.

3. The utility will work with CAAs and the relevant implementers to ensure that contractors are not assessing residents a charge for a weatherization quote, either for IHWAP or utility-only weatherization programs.

4. All IQ customers are eligible to participate in any Non-IQ residential programs if they so choose. However, for those programs that first require engagement with the Companies or their website for enrollment, NSG-PGL will first educate the customers about the full range of services available to them in the IQ programs, to the extent it can provide more comprehensive service and/or eliminate or reduce any copays or financing, where appropriate.

5. A North Shore or Peoples Gas customer seeking to participate, or to continue to participate, in an energy efficiency program offered by said utility will not be required to demonstrate, or otherwise provide evidence or documentation of, United States citizenship.

6. Bill Impacts

The Companies will continue to work with interested stakeholders through SAG, and in coordination with IQ Committees, to define the term Energy Burden and discuss energy efficiency-related ideas for assessing the bill impacts of said programs and reductions of IQ Energy Burdens.

7. Utility-Only Programs: Contracting

- a. The Companies will engage in prudent contracting mechanisms and shall promote cost-effective participation for CAAs/CBOs (Community-Based Organizations) and a diverse workforce.
- b. The Companies commit to provide a liaison support channel, independent of higher-tier implementers that a subcontracting business reports to, so that the business can express concerns or grievances related to the contractual work being performed.

C. Research & Development / Market Transformation

1. Energy Efficiency Performance Standards

The Companies commit to continuing existing efforts underway with ComEd, the Midwest Energy Efficiency Alliance (“MEEA”) and Slipstream to assess the feasibility of promoting adoption of energy efficiency performance standards for existing buildings. To the extent ComEd agrees to a stipulation to an initiative to promote the adoption of efficiency performance standards for existing buildings in one or more municipalities in the Companies’ service territories, and is in alignment with North Shore and Peoples implementation plan and budget, the Companies commit to jointly sponsoring the initiative at a proportional budget level and to working with stakeholders to develop the initiative further.

2. Triple Glazed Windows

The Companies commit to considering a statewide market transformation initiative to promote tripe-glazed windows and to collaborate with stakeholders through the SAG MT Working Group. If the initiative is feasible and aligns with the Companies’ implementation plan, funding for the initiative will come from the existing Market Transformation budget.

D. Market Development Initiative

1. MDI Budget

- a. The Companies will spend an annual average of \$800,000 per year on MDI.
- b. The cost associated with MDI will be included as a stand-alone energy efficiency offering.

2. MDI Objective: North Shore and Peoples Gas shall initiate a Market Development Initiative that combines research, development of a market development action plan, and contractor and workforce support, to achieve the following goals:

- a. Increase contracting opportunities for diverse business enterprises and CBOs in all contractual levels of the energy efficiency workforce and assist them in developing the necessary capabilities to participate in the delivery of the EE Portfolio;
- b. Improve the diversity and inclusiveness of the Companies' supplier and supplier workforce;
- c. Strengthen the partnership and support for local and diverse business enterprises; and
- d. Increase the transparency of and equity in the Energy Efficiency Procurement process.

3. Research for MDI Development

- a. The details of the MDI and Market Development Action Plan ("MDAP") will be informed by research performed by a contractor, with demonstrated experience in diverse market development efforts, to assess the number of ready, willing, and able diverse firms within the Companies' territory and identify and assess options for addressing opportunities to increase implementer and supplier workforce diversity. The contract for this research will be competitively bid in 2021.
- b. This research may include (but is not be limited to):
 - i. Recommending supplier diversity goals for the Companies based on the results of the research.
 - ii. Recommending strategies to support attainment of supplier diversity goals, including identifying barriers faced by diverse

businesses and trade allies from fully participating in energy efficiency contractual implementation and workforce opportunities.

iii. Identifying qualified potential bidders, both from within and outside the energy efficiency industry to aid in determining the types of businesses with the appropriate capabilities to deliver goods and services and matching those bidders with contracting opportunities, and analyzing Request for Proposal (“RFP”) scoring and other content that impacts diverse vendors’ ability to successfully compete; and

iv. The Companies will consult with a new SAG Subcommittee specifically dedicated to achieving the goals of MDI research, including vendor, RFP, and plan scope, as well as the subsequent implementation plan.

4. MDI Action Plan and Implementation Contractor Support: the Companies commit to develop and implement a MDAP informed by the research for MDI development described in herein, as well as a reporting process, and refinement of implementation details through the previously referenced new SAG Subcommittee.

- a. Implementation of the MDI will be contracted to an independent third-party implementation contractor (i.e., the Implementer) with demonstrated experience in diverse market development efforts.

- b. The Companies shall select Implementer(s) for the MDI through a competitive bid process using the Companies’ procurement policies and procedures. Companies may consult with non-financially interested parties for opinions on potential Implementers.

- c. The initiative will also be supported by internal NSG-PGL staff, to the extent practicable.

- d. The Implementation contractor will develop a MDAP informed by the MDI research referenced herein. The MDAP may include, but not be limited to, the following components that support the creation and development of enterprises working with the Companies as implementation contractors, sub-contractors, or other support roles, specifically minority-owned, women-owned, and veteran-owned business enterprises, community-based organizations, not-for-profits, and enterprises serving low-income communities:

- i. Conducting outreach to educate all potential bidders on implementation contracts for opportunities in the energy efficiency space, which may involve but is not limited to

offering workshops, webinars, seminars, and other educational opportunities.

- ii. Providing minority-owned, women-owned, and veteran-owned business enterprises, community-based organizations, and not-for-profits with financial and technical support, and expanded educational opportunities, to assist them in developing the capabilities necessary to compete. This may include the provision of training, training grants, grants for wrap-around services such as transportation, childcare, and lodging, software and equipment grants, and other tools as needed to develop the necessary skills and capabilities to compete effectively. Training programs shall be designed to lead to tangible jobs in the energy efficiency industry.
 - iii. Working with the Companies to periodically review and analyze utility requirements for energy efficiency goods and services with a view toward increasing the availability of work which fall within the performance capabilities of minority-owned, women-owned, and veteran-owned business enterprises, community-based organizations, and not-for-profits.
 - iv. Providing input to the Companies in structuring energy efficiency procurements that provide sufficient information on technical and performance requirements and time to enable non-traditional bidders to compete effectively for Tier 1 prime contracts and to form effective teams with other firms who sub-contract.
 - v. The Companies will make best efforts to provide sufficient information on technical and performance requirements and sufficient time to enable non-traditional bidders to compete effectively. The Companies will continue to review technical and performance requirements, as well as RFPs and Invitations to Bid, to enable non-traditional bidders, new and/or marginally capitalized businesses, not-for-profits and CBOs to compete effectively when practicable. This practice does not diminish, in any way, the objective of the Companies to acquire materials and services on the most economic basis available, considering factors such as price, quality, service reliability, accountability, safety and timely delivery, and encouraging all qualified suppliers and contractors to compete for the Company's business.
- e. The Companies further commit to discussing the content, development and results of the MDI work through the new SAG

Subcommittee referenced in herein, and commit to consider input on achieving the aforementioned diversity goals.

f. The Companies commit to use innovative, data-driven approaches to assess the effectiveness of the MDI initiative in achieving the MDI goals described herein, as well as opportunities for improving such effectiveness.

g. The Companies commit to work with other Illinois utilities and the new SAG Subcommittee to identify areas in which efficiencies and cooperation can be achieved to minimize costs to ratepayers and ensure best practices are followed in achieving the goals identified herein.

h. The Companies agrees to have the MDI evaluated by December 31, 2023, by an entity that has specific relevant experience in assessing diverse hiring practices. The Companies commit to execute a separate independent evaluation contract for evaluation of the MDI with an entity that has specific relevant experience, funded out of the Companies' EM&V EE budget, with said consultant subject to applicable Evaluator Independence protocols set forth in Section 7.5 of the IL EE Policy Manual, Version 2.0.

5. Additional MDI Trade Ally, Workforce, and Program Support Commitments

The Companies will, to the greatest extent possible, leverage existing resources and the services and financial assistance of the United States Small Business Administration, the Illinois Office of Minority Economic Empowerment, the Department of Commerce and Economic Opportunity ("DCEO") programs, community colleges and all other resources identified as promoting the interest of small and minority business in order to maximize the benefits of MDI. The Companies and their MDI implementation contractor will participate in local and regional purchasing and networking fairs that support minority-owned, women-owned, and veteran-owned businesses.

6. MDI Reporting

The Companies commit to providing updates on MDI efforts in quarterly reports and to provide an annual summary. Reports will include, at a minimum, information such as numbers of diverse implementers, by diversity category as possible and applicable.

E. IQ North Advisory Committee

Low-Income Advisory Committees: The Companies will continue to participate in the IQ North Committee convened pursuant to Section 8-103B(c) of the Act. The Companies and the other Parties agree to support and advocate with utilities and

stakeholders to improve the low-income energy efficiency advisory committees, including, but not limited to incorporating some successful learnings from the IQ South Committee into the IQ North Committee, as well as a discussion of best practices of IQ program implementation strategies.

F. Reporting

1. Companies will report to SAG on predominant materials being used for low-income building retrofits related to insulation, sealants/caulks generally and sealants/caulks for HVAC duct work. The Companies agree to support further discussion at SAG to determine what, if any, actions should be taken to address safety issues as a statewide initiative.

2. Companies will continue to separate IQ residential reporting from market-rate residential reporting in its quarterly reports. Companies will continue to breakout IQ SF and IQ MF reporting. For the IQ SF and IQ MF reporting, the Companies will separately report these data by the following program categories: IHWAP-braided, utility-only, and utility-only-CAA.

3. To the extent the Companies continue to offer a separate gas-only, trade-ally-driven multifamily program, as referenced in Section II.A.4.b. (regarding IQ Multifamily Delivery), the Companies will report quarterly the following related to program participation:

- i. Total building and unit participants
- ii. Total building and unit participants that also participated in a dedicated IQ Multifamily program and received a whole building assessment
- iii. Total building and unit participants that also participated in a dedicated IQ Multifamily program and received both direct install services and installed major measures
- iv. Total building and unit participants that also participated in a dedicated IQ Multifamily program and received only direct install services

4. Companies will report the following metrics in its reports, beginning January 2022 for the 2022-2025 Plan:

- a. Quarterly IQ Multi-Family Reporting Metrics Participation–
 - buildings by zip code and number of apartment units
 - Spending – incentives, non-incentives, total
 - Savings – 1st year gas therms
- b. Program participation by zip code annually

- c. IQ Measure Data/Comprehensiveness of treatment – The Companies commit to support providing the following annually, by zip code:
 - Whole building assessment
 - DI measure only
 - In-unit service
 - Major measure installation
- d. Health & Safety-related metrics for IQ Whole Building Retrofit Programs at joint SAG and IQ meetings and in its ICC-filed annual reports.
 - i. Number of properties assessed for the program (broken out by SF and MF)
 - ii. Number of assessed properties that had identified H&S issues
 - iii. Breakdown of type of identified H&S issues
 - iv. Number of properties deferred because of H&S issues
- e. The Companies support the discussion of additional equity and affordability metrics, including metrics around the proportion of eligible population participating in programs, energy burden, demographic data, procedural equity, and more via SAG processes for possible inclusion in the Policy Manual. The Parties agree that negotiations regarding the final list of those additional reporting metrics or topics to be included in an updated Manual must be conducted through the SAG processes that address such updates.

G. Customer Care Coordination

North Shore and Peoples Gas commit to including the following activities in the Plan which will be developed to coordinate customer communications and interaction, and are subject to the Commission's rules and orders as applicable and practicable:

1. North Shore and Peoples Gas will commit to coordinate between the Companies' Energy Efficiency, Customer Service and Credit/Collections groups so that the customer interactions include Energy Efficiency education and referral, when practicable. These efforts would continue the current process of training customer service representatives about energy efficiency resources for customers indicating hardships or otherwise entering into Deferred Payment programs or potential disconnection, as well as training on how to connect interested customer and customers for whom participation in Energy Efficiency Programs may prove beneficial to program offerings.
2. North Shore and Peoples Gas will cross-promote information on financial assistance programs for which Energy Efficiency Program participants may be eligible. North Shore and Peoples Gas shall also discuss the potential for coordination of energy

efficiency messaging with local administering agencies such as the Community and Economic Development Association of Cook County (“CEDA”) and other CAAs.

3. Specific customer engagement shall include a commitment to:
 - a. provide relevant customer financial assistance information, including information about all available energy (financial) assistance programs, to its customers receiving outreach and/or information by the Companies or their contractors on, or participating in, any dedicated IQ program.
 - b. develop and distribute literature for IQ customers, which contains information about customer financial assistance and energy efficiency programs for which they may be eligible. The literature will be printed in both English and Spanish.
 - c. Provide online resources that provide IQ customers with comprehensive descriptions of all available customer financial assistance and energy efficiency programs for which they may be eligible.
 - d. Ensure the Companies’ dedicated IQ program implementation contractors, including all CAAs, are educated on the Companies’ available energy (financial) assistance programs, and directed to routinely share this information with customers, when appropriate.
 - e. Share information on, resources, and procedures developed to educate IQ customers about available customer financial assistance and energy efficient programs with the SAG and IQ Committees for discussion.

IN WITNESS WHEREOF, the Parties hereto have executed this Stipulation Agreement as of the date set forth below.

North Shore Gas Company

The Peoples Gas Light and Coke Company

By: Christina Pagnusat _____

Title: Director Energy Efficiency

Date: 3/1/2021

By: Christina Pagnusat _____

By: Director Energy Efficiency

Date: 3/1/2021

IN WITNESS WHEREOF, the Parties hereto have executed this Stipulation Agreement as of the date set forth below.

North Shore Gas Company

The Peoples Gas Light and Coke Company

By:_____

By:_____


Title:_____

By:_____

Date:_____

Date:_____

City of Chicago

By:  _____

Name: Jared Policicchio

Title: Deputy Director for Policy and Senior Policy Counsel

Date: February 28, 2021

Aces 4 Youth

By: Gregory Norris
Name: GREGORY NORRIS
Position: EXECUTIVE DIRECTOR
Date: FEB 26, 2021

Green Power Alliance


By: *Naomi Davis*

Name: Naomi Davis

Title: Founder & Lead Steward

Date: 2/26/2021

Community Organizing and Family Issues (COFI)

By: 
Karen L. Lusson

Attorney

National Consumer Law Center

7 Winthrop Square


Boston, MA

02110

(708) 341-3990

klusson@nclc.org

PEOPLE OF THE STATE OF ILLINOIS
Kwame Raoul, Attorney General

By: 

Name: Grant Snyder

Title: Assistant Attorney General

Date: March 1, 2021

Natural Resources Defense Council

By: *Laura Goldberg*

Name: Laura Goldberg

Title: Midwest Regional Director, Energy Efficiency for All

Date: 2/26/2021

IN WITNESS WHEREOF, the Parties hereto have executed this Stipulation Agreement as of the date set forth below.

North Shore Gas Company

The Peoples Gas Light and Coke Company

By:_____

By:_____

Title:_____

By:_____

Date:_____

Date:_____

Staff of the Illinois Commerce Commission

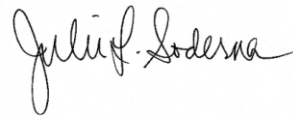
By: 

Title: Supervisor, ~~Trials~~ Section

Office of General Counsel

Date: March 1, 2021

Citizens Utility Board



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