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| To: | ComEd, Nicor Gas, Peoples Gas, North Shore Gas, ICC Staff; SAG Staff |
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| From: | Stefan Johnson, James Gin, Guidehouse |
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| CC: | Jeff Erickson, Charlie Maglione, Stu Slote, Charles Ampong, Laura Agapay-Read, Guidehouse |
|  |  |
| Date: | December 6, 2023 |
|  |  |
| Re: | CY2022 Cost Effectiveness Test Results for Jointly Implemented Programs |
|  |  |

In CY2022, six programs (referred to collectively in this memo as “programs”) were jointly implemented by ComEd, Nicor Gas, Peoples Gas (PGL), and North Shore Gas (NSG). Guidehouse used the CY2022 gas utilities’ cost-effectiveness test information (finalized 11-27-2023)[[1]](#footnote-2)[[2]](#footnote-3) and ComEd’s cost-effectiveness test results[[3]](#footnote-4) (finalized 06-28-2023) to prepare this memo on CY2022 cost-effectiveness test results of jointly implemented programs.

Table 1 lists the programs jointly implemented by ComEd and the gas utilities and indicates which utilities jointly implemented the programs in CY2022.

Table 1. Summary of Jointly Implemented Programs

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Sector | Program | | ComEd | Nicor Gas | PGL | NSG |
| Residential / Income Eligible | | Single-Family Projects | √ | √ | √ | √ |
| Residential / Income Eligible | | Multi-Family Projects | √ | √ | √ | √ |
| Income Eligible | | Product Distribution\* | √ | √ | √ | √ |
| Income Eligible | | Affordable Housing New Construction | √ | √ | - | - |
| Business & Public Sector | | Coordinated Non-Residential New Construction | √ | √ | √ | √ |
| Business & Public Sector | | Coordinated Retro-Commissioning\*\* | √ | √ | √ | √ |

\* Program also includes the Food Bank component which is implemented solely by ComEd.

\*\* Program also includes the Virtual Commissioning and Industrial Systems components which are implemented solely by ComEd.

Guidehouse’s analysis determined that:

* Residential and Income Eligible joint offerings for single and multi-family customers were not cost-effective in CY2022, from either the total resource cost (TRC) test or utility cost test (UCT) perspective. Values remained similar year-over-year, except for Single-Family Retrofits’ TRC which rose from 0.74 to 0.98.
* Both Business and Public Sector joint programs achieved TRC cost-effectiveness in CY2022. The Non-Residential New Construction program led the sector with a TRC of 2.25, up from 2.09 last year. This program saw a similar UCT of 2.48, while coordinated Retro-Commissioning was just below the UCT threshold for cost-effectiveness at 0.96.
* The Product Distribution offerings including the Elementary Education and Kits components achieved the highest TRC and UCT scores at 8.17 and 4.16, respectively. This result continues the trend from CY2021, where Kits led all joint offerings with a TRC of 8.86.

Table 2 and Table 3 summarize the TRC and UCT calculations for CY2022 joint programs. These tables include values for the programs’ benefit and cost components when aggregated across all utilities that were involved in joint implementation. Table 4 and Table 5 summarize TRC and UCT test values by program and utility for CY2022.

Table 2. Summary of Program Level Benefits, Costs, and IL Total Resource Cost (TRC\*) Test Values – CY2022

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Sector | Program / Pilot | Avoided Electric Production (with GHG Adder) | | Avoided Gas Savings | Avoided Gas Production | | | Other Benefits\* | Non-Incentive Costs | | Incremental Costs (Net) | | IL TRC Benefits | | IL TRC Costs | IL TRC Test Net Benefits | | | IL TRC Test | |
|  |  | | (a) | (b) | | (c) | (d) | | | (e) | | (f) | | (g) = (a+b+c+d) | (h) = (e+f) | | (i) = (g-h) | (j) = (g/h) | | |
| Residential / Income Eligible | Single-Family Projects | | $11,800,668 | $6,673,724 | | $7,654,424 | $13,672,492 | | | $13,155,324 | | $27,453,902 | | $39,801,308 | $40,609,226 | | -$807,918 | | | 0.98 |
| Residential / Income Eligible | Multi-Family Projects | | $14,447,076 | $6,464,767 | | $7,466,619 | $15,161,458 | | | $13,342,987 | | $47,525,494 | | $43,539,920 | $60,868,481 | | -$17,328,561 | | | 0.72 |
| Income Eligible | Product Distribution | | $105,942,186 | $3,086,258 | | $6,786,550 | $40,598,568 | | | $4,494,831 | | $14,649,639 | | $156,413,561 | $19,144,470 | | $137,269,091 | | | 8.17 |
| Income Eligible | Affordable Housing New Construction | | $3,951,416 | $478,150 | | $265,687 | $365,232 | | | $1,464,209 | | $423,969 | | $5,060,485 | $1,888,178 | | $3,172,307 | | | 2.68 |
| Business & Public Sector | Coordinated Non-Residential New Construction | | $11,892,886 | $3,461,396 | | $28,408 | $3,620,646 | | | $1,266,505 | | $7,184,876 | | $19,003,336 | $8,451,382 | | $10,551,954 | | | 2.25 |
| Business & Public Sector | Coordinated Retro- Commissioning | | $37,032,159 | $1,670,449 | | $736,584 | $1,946,372 | | | $9,334,309 | | $14,202,811 | | $41,385,563 | $23,537,120 | | $17,848,443 | | | 1.76 |
| **Joint Programs Total** | | | **$185,066,391** | **$21,834,744** | | **$22,938,272** | **$75,364,767** | | | **$43,058,166** | | **$111,440,690** | | **$305,204,174** | **$154,498,857** | | **$150,705,317** | | | **1.98** |

Note: Totals may not sum due to rounding.

\* The Illinois TRC test is defined in the Illinois Power Agency Act (see 20 ILCS 3855/1-10).

\*\* Other Benefits include Avoided Water Costs, Net Incremental Costs, and NPV Replacement Costs.

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Table 3. Summary of Program Level Benefits, Costs, and Utility Cost Test (UCT\*) Values – CY2022

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Sector | Program / Pilot | Avoided Electric Production (w/o GHG Adder) | | Avoided Gas Savings | Avoided Gas Production | | | Non-Incentive Costs | Incentive Costs | | ILUCT Benefits | | IL UCT Costs | | IL UCT Test Net Benefits | IL UCT Test | | |  | |
|  |  | | (a) | (b) | | (c) | (d) | | | (e) | | (f) = (a+b+c) | | (g) = (d+e) | (h) = (e+f) | | (i) = (g-h) |  | | |
| Residential / Income Eligible | Single-Family Projects | | $7,829,935 | $6,673,724 | | $7,654,424 | $13,155,324 | | | $31,338,220 | | $22,158,083 | | $44,493,544 | -$22,335,461 | | 0.50 | | |  |
| Residential / Income Eligible | Multi-Family Projects | | $8,784,374 | $6,464,767 | | $7,466,619 | $13,342,987 | | | $30,652,766 | | $22,715,760 | | $43,995,753 | -$21,279,993 | | 0.52 | | |  |
| Income Eligible | Product Distribution | | $64,640,975 | $3,086,258 | | $6,786,550 | $4,494,831 | | | $13,405,025 | | $74,513,783 | | $17,899,856 | $56,613,927 | | 4.16 | | |  |
| Income Eligible | Affordable Housing New Construction | | $2,181,341 | $478,150 | | $265,687 | $1,464,209 | | | $1,977,616 | | $2,925,178 | | $3,441,825 | -$516,647 | | 0.85 | | |  |
| Business & Public Sector | Coordinated Non-Residential New Construction | | $7,232,832 | $3,461,396 | | $28,408 | $1,266,505 | | | $3,051,124 | | $10,722,636 | | $4,317,630 | $6,405,006 | | 2.48 | | |  |
| Business & Public Sector | Coordinated Retro- Commissioning | | $22,348,571 | $1,670,449 | | $736,584 | $9,334,309 | | | $16,479,341 | | $24,755,604 | | $25,813,651 | -$1,058,047 | | 0.96 | | |  |
| **Joint Programs Total** | | | **$113,018,028** | **$21,834,744** | | **$22,938,272** | **$43,058,166** | | | **$96,904,093** | | **$157,791,044** | | **$139,962,259** | **$17,828,784** | | **1.13** | | |  |

Note: Totals may not sum due to rounding.

\* The Illinois UCT test is defined in the Illinois Power Agency Act (see 20 ILCS 3855/1-10).

Table 4. Summary of TRC Test Values by Program and Utility – CY2022

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Sector | Program | All | ComEd | Nicor Gas | | PGL | NSG |
| Residential / Income Eligible | Single-Family Projects | **0.98** | 0.93 | 1.17 | 1.02 | | 0.51 |
| Residential / Income Eligible | Multi-Family Projects | **0.72** | 0.79 | 1.37 | 0.53 | | 0.72 |
| Income Eligible | Product Distribution | **8.17** | 8.25 | 8.56 | 7.03 | | 7.86 |
| Income Eligible | Affordable Housing New Construction | **2.68** | 3.62 | 1.16 | --\* | | --\* |
| Business & Public Sector | Coordinated Non-Residential New Construction | **2.25** | 1.82 | 5.23 | 2.79 | | 2.50 |
| Business & Public Sector | Coordinated Retro- Commissioning | **1.76** | 1.64 | 9.02 | 6.15 | | 3.17 |

\* PGL & NSG did not implement projects in CY2022.

Table 5. Summary of UCT Test Values by Program and Utility – CY2022

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Sector | Program | All | ComEd | Nicor Gas | | PGL | NSG |
| Residential / Income Eligible | Single-Family Projects | **0.50** | 0.48 | 0.62 | 0.43 | | 0.19 |
| Residential / Income Eligible | Multi-Family Projects | **0.52** | 0.47 | 0.68 | 0.68 | | 0.40 |
| Income Eligible | Product Distribution | **4.16** | 4.28 | 1.39 | 3.22 | | 2.91 |
| Income Eligible | Affordable Housing New Construction | **0.85** | 0.90 | 0.67 | --\* | | --\* |
| Business & Public Sector | Coordinated Non-Residential New Construction | **2.48** | 2.06 | 4.16 | 4.74 | | 6.37 |
| Business & Public Sector | Coordinated Retro- Commissioning | **0.96** | 0.91 | 5.13 | 2.44 | | 54.37\*\* |

\* PGL & NSG did not implement projects in CY2022.

\*\* Program was not allocated any admin costs in CY2022. The impact on the overall joint UCT was small.

1. <https://www.ilsag.info/wp-content/uploads/Nicor-Gas-2022-Summary-Savings-and-Cost-Effectiveness-Memo-2023-11-27-Final.pdf>; [↑](#footnote-ref-2)
2. <https://www.ilsag.info/wp-content/uploads/PGL-2022-Summary-Verified-Savings-and-Cost-Effectiveness-Tables-2023-11-27-Final.xlsx>; [↑](#footnote-ref-3)
3. <https://www.ilsag.info/wp-content/uploads/ComEd-CY2022-TRC-Report-23-06-28-Final.pdf>; [↑](#footnote-ref-4)