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FACT SHEET

GAS EFFICIENCY SAVES MONEY AND BUILDS A STRONGER ILLINOIS

SUMMARY OF GAS EFFICIENCY PROVISIONS OF THE CLEAN ENERGY JOBS ACT

Illinois stands to gain substantial customer savings and add billions of dollars in economic activity thanks to the new gas efficiency programs in the Clean Energy Jobs Act (CEJA). Potential benefits of the new gas efficiency provisions include:

- **$700 million *per year* in net economic gains.** These gains—gas bill savings minus utility program costs—will be nearly $700 million in the first year alone (2020), increasing to about $800 million (even in inflation-adjusted terms) within five years.
- **$13 billion in net economic benefits from programs implemented between 2020 and 2035.** That conservatively excludes several potential benefits, including the effect that reducing demand for gas could have on natural gas prices.
- **Triple the energy savings.** Energy savings will roughly triple relative to current gas programs, to levels approximately equal to the country's leading utility gas efficiency programs. There will be more investment in gas efficiency programs that save customers money and an expansion of programs specifically tailored to low-income communities.
- **4 to 1 benefit/cost ratio.** The new programs will produce nearly four dollars in reduced natural gas bills for every efficiency program dollar spent.

GAS EFFICIENCY PROGRAM COSTS AND SAVINGS, CURRENT LAW VERSUS CEJA

	Net economic benefits (in Net Present Value terms) for the 2020 through 2035 gas efficiency programs	Average Annual Budget	Average Annual Savings (Millions 1st-Year Therms)	Savings as a Percentage of Total Sales
CURRENT UTILITY GAS EFFICIENCY PROGRAMS IN ILLINOIS				
State Totals	$4.3 billion net benefits	$83 million	31.4	0.40%
UTILITY GAS PROGRAMS UNDER THE CLEAN ENERGY JOBS ACT				
State Totals	$13.0 billion net benefits	$305 million	99.1	1.25%
Percentage Change vs. Current Law	300%	369%	316%	316%

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HOW ILLINOIS GAS EFFICIENCY PROGRAMS IMPROVE UNDER THE CLEAN ENERGY JOBS ACT

Requiring a minimum of 25 percent total spending for low-income single-family and multifamily programs. This would ensure that current levels of utility spending on low-income programs are seen as a floor and not a ceiling. Further, because the total spending on gas energy efficiency would go up under CEJA, the low-income expenditure would increase as well. The new minimum requirement also clarifies that spending must go to both low-income single-family and multifamily homes. There is also a separate requirement for improving the efficiency of public buildings, which includes serving people living in public housing.

Mandating a minimum of 50 percent spending on whole building programs and/or individual measures that reduce heating needs. Rebates for new, more efficient heating equipment to *meet* heating needs can be part of efficiency program portfolios but do not count toward this minimum requirement to reduce heating needs. Measures that *reduce* heating needs include insulation, air sealing, duct sealing, demand control ventilation in commercial buildings, and advanced thermostats. This requirement is designed to ensure there is focus on whole-building efficiency investments and efficiency measures that individual customers are less likely to invest in without utility support.

Increasing the level of savings required and removing the spending cap. The new programs offered by the gas utilities would triple their current rate of savings in order to capture the full cost-savings potential of energy efficiency. On average, the Illinois gas utilities are currently planning to achieve less than one-third of the savings required to meet the current law's efficiency goals because of a spending cap (equal to 2 percent of gas bills). As a result, the gas utilities have been forgoing hundreds of millions of dollars per year of cost savings that their customers could have realized from additional efficiency investments. The substantial expansion of cost-saving programs under CEJA would be enabled by the removal of that arbitrary spending cap. Instead, spending on efficiency programs would be limited only if the benefits of such programs did not exceed their costs.

Including large industrial customers in the programs. Large industrial customers can currently opt out of gas efficiency programs and, under current law, would be automatically exempt starting in 2020. These customers, which typically have substantial savings potential and a lower cost of acquiring savings, would, under CEJA, be included in utility gas efficiency programs.

Changing the way goals are defined from first-year savings to cumulative persisting annual savings. Efficiency programs would now be valued not only for how much savings they produce in their first year, but by how much savings they produce each year in the future as well. This change would align gas efficiency goals with the way electric efficiency goals are structured under the Future Energy Jobs Act (FEJA) and increase focus on long-term savings. Under CEJA, gas utilities would be required to achieve savings equal to 1.20 percent of sales in the first year (2020), with the goal for persisting savings increasing to 13.5 percent by 2035.

Adding a financial incentive mechanism for utilities to be more efficient and effective. A new mechanism would be added under CEJA that allows gas utilities to earn financial incentives for meeting performance targets (up to 15 percent of efficiency program spending for exceeding energy savings targets by 25 percent). This gives utilities a motive to help their customers save money, rather than just earning profits for building pipelines and other capital investments.