

# Illinois Commerce Commission (ICC)

## Future of Gas Workshops: Phase 2

### Written Comment Template for Phase 2A

#### **Instructions:**

- Using this Written Comment Template, send written comments to the Facilitator, Celia Johnson: [Celia@CeliaJohnsonConsulting.com](mailto:Celia@CeliaJohnsonConsulting.com) **by Wednesday, February 5**
- Include “Phase 2A Comments” in the subject line of the email.
- All comments will be posted on the [ICC Future of Gas Workshop Comments page](#)
- Comments will be reviewed by ICC Staff and the Facilitation Team in preparation for Phase 2B Workshops
- Comments will be attached to the final Phase 2 Report

#### **Comments Submitted By:**

**Name: Paige Knutsen, Executive Director**

**Company or Organization: Midwest Energy Efficiency Alliance**

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#### **Background:**

The Climate and Equitable Jobs Act (CEJA) established a goal for Illinois to achieve economy-wide 100% clean energy by 2050: *“To provide the highest quality of life for the residents of Illinois and to provide for a clean and healthy environment, it is the policy of this State to rapidly transition to 100% clean energy by 2050.”* See Public Act 102-0662.

The purpose of Phase 2A Workshops is to explore decarbonization pathway options and technologies and educate Workshop participants, in five categories:

1. Electrification
2. Energy Efficiency
3. Geothermal Energy
4. Alternative Gases
5. Additional Decarbonization Technologies

ICC Staff recognizes that a combination of decarbonization technologies and strategies may be needed to decarbonize the natural gas distribution system in Illinois, given the variety of building types, cost, customer impacts, heating demands, and availability and feasibility of technologies.

Written comments are requested to provide an opportunity for interested Workshop participants to reflect on information presented during Phase 2A. The goal is to use information shared to inform Working Group discussions in Phase 2B, which is planned for March – June 2025.

Please note:

- This is not a request for legislative and/or regulatory options. There will be an opportunity for options to be proposed in Phase 2C.
- This is not a request for final positions. There will be an opportunity for final positions to be shared at the end of the Phase 2 process.

## **Question 1: What mix of decarbonization pathway(s) should Illinois prioritize?**

Dear Ms. Johnson and ICC Staff,

The Midwest Energy Efficiency Alliance (MEEA) appreciates the opportunity to submit comments to inform Working Group discussions in Phase 2B of the Future of Gas Workshops.

MEEA is a collaborative network, promoting energy efficiency (EE) to optimize energy generation, reduce consumption, create jobs and decrease carbon emissions in all Midwest communities. At MEEA, we leverage our expertise to be the Midwest's leading resource for our members, allies, policymakers and the broader industry to promote EE as the essential pathway to achieve a clean, affordable, equitable and sustainable future. We see EE as the least-cost foundation of the clean energy economy, creating immediate energy savings, providing career pathways, reducing emissions, improving new and existing buildings and boosting Midwest business and industries.

MEEA is a nonpartisan organization made up of 170+ diverse members including 96 member organizations based or working in Illinois. MEEA's members include energy service companies, state and local governments, electric and gas utilities, academic and research institutions, and community-based organizations throughout thirteen states in the Midwest.

Illinois should prioritize EE, not just as one decarbonization strategy of many, but as the first step in all decarbonization strategies. EE means doing the same, or more, with less energy. This includes retrofitting old, inefficient technology, improving processes, weatherizing and making other improvements to a building's envelope, and promoting behaviors that reduce energy consumption.

- **Sub-questions:**
  - a. **Please include a rationale for why the suggested pathway(s) should be explored.**

MEEA appreciates the perspective that Mike Specian of ACEEE shared with the ICC Future of Gas participants in his October 21, 2024, presentation. He argued Illinois should prioritize EE to avoid constructing unnecessary infrastructure, avoid higher gas costs, and avoid stranding low-income customers on a system with rising fixed costs.<sup>1</sup> We appreciate that many speakers throughout the Future of Gas proceedings have emphasized the central need for EE as a decarbonization tactic.

MEEA would further argue that EE is the best and easiest first step in any decarbonization pathway for several reasons. Firstly, it is by far the most affordable tool we have to decarbonize. In the Midwest, the average levelized cost of one megawatt-

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<sup>1</sup> Specian, M. (2024, October 21). *Energy Efficiency as a Decarbonization Strategy*. [Presentation Slides]. <https://icc.illinois.gov/api/web-management/documents/downloads/public/future-of-gas/Phase%20%20-%20Energy%20Efficiency%20-%20ACEEE.pdf>.

hour saved with EE is between \$20 and \$47 – cheaper than any other generation source.<sup>2</sup> In the Midwest, one megawatt-hour generated through gas peaking plants or nuclear power can cost as much as \$221. The average cost per megawatt-hour for solar and wind is cheaper, ranging from \$24 to \$96 – still not as cheap as the investment required to save one megawatt-hour with EE. This is why EE advocates often say the cheapest energy is the energy you don't use.

Secondly, pursuing an EE first strategy bolsters and improves all other decarbonization pathways Illinois may select. Electrification has been a primary discussion topic in these proceedings. MEEA believes in efficiency first. A successful electrification strategy must include and start with EE as customers will only see benefits from electrification if their structure is weatherized and as efficient as possible. Putting a heat pump in a leaky building will ultimately harm the end user, as the customer will certainly see bill increases. Additionally, without efficiency, electrified end uses will contribute additional and unnecessary strain to the grid, further stressing electricity infrastructure. EE also lowers energy intensity and improves grid reliability and resiliency as demand on the electric grid grows due to increased electrification. Similarly, with geothermal or alternative gases, EE lowers costs because it reduces the amount of energy required to heat or power a home. Investing in alternative fuels will not ultimately achieve the desired decarbonization if buildings remain leaky and appliances inefficient.

Thirdly, EE is a “no regrets” strategy in that it benefits consumers, utilities and communities regardless of fuel source or the pace of decarbonization in the state. For customers, more efficient energy use means lowered energy bills regardless of fuel source. Further, investments in building envelope measures like adding or improving air sealing and insulation will continue to benefit the building years into the future as different decarbonization strategies come into play. For example, weatherizing a home with a gas furnace now will reduce that family's gas bill and reduce emissions through more efficient heating, but it will also make any future electrification of their heating more affordable. For utilities, EE enhances grid reliability and resiliency, improves customer relations and reduces customer arrears. Both weatherization and gas end-use EE result in a more reliable and resilient natural gas system. For communities, EE helps customers invest in their homes, boosts air quality and provides good, local jobs.

**b. Please explain which sector(s) your comments apply to:**

▪ **Residential**

- **All residential**
- **Single Family**
- **Multi-Family**
- **Low Income**

▪ **Commercial**

- **Small Business**
- **Large Business**
- **Agriculture or another business sector**

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<sup>2</sup> Midwest Energy Efficiency Alliance. (2024). *Energy Efficiency: A Good Investment for Illinois*. [Fact Sheet]. <https://www.mwalliance.org/sites/default/files/IL%20Fact%20Sheet%20-%20June%202023.pdf>.

- **Industrial**

- **Related to industrial processes**

Pursuing an EE first strategy applies to all sectors. At MEEA, we believe that energy efficiency should be available to and accessible by all customer classes. Much work has been done in recent years to improve EE program delivery for multi-family and low-income customers, and it is important to note the equity benefits EE can provide to those sectors. However, EE also should be tailored to fit the needs of commercial and industrial sectors, as these customers have unique needs and often require customized solutions. EE will be particularly important in the industrial sector as one of the most immediate ways to reduce emissions in hard-to-electrify industrial processes.

**c. What is the feasibility of each preferred pathway you suggest Illinois should prioritize?**

We know it's a feasible solution as Illinois utilities have a long history of delivering robust energy efficiency programs. EE is a proven strategy that has successfully reduced emissions and lowered bills for consumers for years in Illinois. EE alone cannot fully decarbonize the natural gas system, but it is certainly the most feasible starting point for all the reasons outlined in response to sub-bullet (a) above.

**d. What are cost considerations?**

- **If you don't have cost information to share, please indicate the level of anticipated cost impacts relative to the status quo:**
  - **No cost**
  - **Low cost**
  - **Medium cost**
  - **High cost**

As stated in greater detail above in response to sub-bullet (a), EE is the lowest cost decarbonization pathway available. Compared to other potential decarbonization strategies, EE is almost certain to be the cheapest solution for the state to deploy.

**e. What would the emissions impact be?**

The emissions impact will vary depending on the other pathways pursued alongside EE. The American Council for an Energy Efficiency Economy (ACEEE) found in 2019 that EE measures alone, if invested in adequately, could cut GHG emissions in half by 2050.<sup>3</sup> The benefit of pursuing an EE first strategy is that Illinois can reduce emissions right away, regardless of which longer term decarbonization strategies the state elects to adopt. Importantly, we know that the state cannot decarbonize without efficiency. We do not have the technological ability or financial resources to completely decarbonize immediately. EE can meaningfully reduce the state's emissions today, easing some of the burden from the other pathways and technologies needed to achieve CEJA's decarbonization goals.

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<sup>3</sup> Nadel, S. and Unger, L. (2019, September 18). *Halfway There: Energy Efficiency Can Cut Energy Use and Greenhouse Gas Emissions in Half by 2050*. American Council for an Energy Efficiency Economy. <https://www.aceee.org/research-report/u1907>.

#### **f. What are equity considerations?**

There are significant equity considerations with any decarbonization strategy, and EE should be the first step in an equitable energy transition. Nationally, 1 in 4 low-income households are severely energy burdened, spending over 15% of their income on energy bills.<sup>4</sup> Not only are low-income households more likely to face a higher energy burden, but black and brown households also experience disproportionately high energy burdens nationally.<sup>5</sup> As such, any decarbonization strategy that may increase bills will almost certainly have a disproportionate impact on low-income and black and brown families if equity concerns aren't addressed.

EE is a cost-effective way to address inequities in energy burden. As stated above in response to sub-bullet (a), EE can reduce a customer's bill immediately regardless of the fuel source used in heating and cooling their home. Low-income families are more likely to live in buildings in need of significant weatherization and pre-weatherization interventions prior to heat pump adoption.<sup>6</sup> Simply put, installing a heat pump on a leaky home won't save the customer any money on their energy bill – it may even increase their bill. Further, if the state elects to pursue electrification as a decarbonization strategy, there is potential that a smaller customer class will be responsible for shouldering system costs that may become unaffordable for those that remain on the natural gas rolls. Low-income households are more likely to be the ones left behind bearing these higher costs as those who can afford to electrify abandon the gas system.<sup>7</sup> Thus, we need to make sure other decarbonization tactics center equity and consider the impacts on how they will impact low-income customers. Energy efficiency will be central in ensuring that customers do not suffer financially in this decarbonization transition.

#### **g. What are workforce considerations?**

Workforce considerations also raise additional equity concerns. Regardless of the decarbonization pathways Illinois pursues, many workers employed in the natural gas industry will eventually need to pursue another career. An equitable energy transition means investing in the workforce training programs and supportive services needed for these workers to use the skills they already have and learn the new skills needed to be successful in another industry. EE jobs are quality, family sustaining jobs that account for two thirds of the clean energy jobs in Illinois. Illinois should prioritize workers laid off as a result of the energy transition for publicly funded workforce training programs.

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<sup>4</sup> Ayala, R. and Dewey, A. (2024, September 11). *Data Update: City Energy Burdens*. [Policy Brief]. American Council for an Energy Efficiency Economy. <https://www.aceee.org/policy-brief/2024/09/data-update-city-energy-burdens>.

<sup>5</sup> Graham, M. (2022, August). *Income-Qualified Program Innovations to Reduce Deferral Rates*. [White Paper]. [https://www.mwalliance.org/sites/default/files/meea-research/deferrals\\_aceee\\_paper.pdf](https://www.mwalliance.org/sites/default/files/meea-research/deferrals_aceee_paper.pdf).

<sup>6</sup> Midwest ASHP Collaborative. (2025, February 4). *Low-Income Toolkit for Program Administrators*. <https://mwashpcollab.org/program-administrators/low-income-toolkit-program-administrators>.

<sup>7</sup> Kresowik, M. (2024, February 12). *Heat Pump Programs Can't Keep Leaving Low-Income Households Behind*. American Council for an Energy Efficiency Economy. <https://www.aceee.org/blog-post/2024/02/heat-pump-programs-cant-keep-leaving-low-income-households-behind>.

In 2023, over 86,000 people in Illinois were employed in an EE job, accounting for 44% of all energy-related jobs in the state and 69% of all clean energy jobs.<sup>8</sup> Programs to train jobseekers in these vital careers and grow the EE workforce are already in place because of the Climate and Equitable Jobs Act (CEJA). The Illinois Department of Commerce and Economic Opportunity (DCEO) was tasked with creating The Illinois Clean Jobs Curriculum Framework<sup>9</sup> to assist with implementing CEJA's workforce programs. This curriculum includes several EE career pathways including frameworks for training Energy Auditors, Weatherization Technicians and HVAC Technicians. As Illinois pursues its decarbonization goals, the state can take advantage of several CEJA workforce programs already in place to help build the EE workforce we need to help decarbonize the natural gas system.

**h. Are there any additional resources you would like to share related to these proposed prioritizations?**

- [Illinois EE Fact Sheet](#)
- [Industrial Energy Efficiency Fact Sheet](#)
- [Energy Efficiency Policies in the Midwest: A Roadmap to Energy Savings](#)
- [MEEA Comments on the ICC Future of Gas Workshops Draft Phase 1 Report](#)

**Question 2: What mix of technology pathway(s) should Illinois prioritize in decarbonizing the natural gas distribution and transmission networks?**

Illinois should prioritize the most up-to-date EE and weatherization technologies available. While MEEA strongly supports first leading with EE prior to any electrification to advance Illinois' decarbonization goals, MEEA also urges Illinois not to abandon natural gas EE too early in the transition. Gas furnaces are being installed today, and we believe they should be the most efficient gas furnaces possible. Further, investments in building envelope improvements benefit consumers and reduce emissions regardless of fuel source used by end-use appliances. Technologies MEEA recommends Illinois pursue include, but are not limited to:

- Electric and natural gas demand response
- Building envelope improvements
- Smart energy management systems
- Air source, ground source, and water source electric heat pumps and heat pump water heaters
- Hybrid (dual fuel) heat pumps
- Industrial heat pumps
- Efficient end-use appliances for both gas and electric end uses

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<sup>8</sup> Midwest Energy Efficiency Alliance. (2024). *Energy Efficiency: A Good Investment for Illinois*. [Fact Sheet]. <https://www.mwalliance.org/sites/default/files/IL%20Fact%20Sheet%20-%20June%202023.pdf>.

<sup>9</sup> Illinois Department of Commerce and Economic Opportunity. (2023, May 20). *Clean Jobs Illinois: Clean Jobs Workforce Network Program Clean Jobs Curriculum Framework*. <https://dceo.illinois.gov/content/dam/soi/en/web/dceo/ceja/documents/clean-jobs-curriculum-framework.pdf>.

- Grid enhancing technologies
- Combined heat and power

There are many technologies and processes the state could choose to adopt in energy efficiency and demand response programs. The state has long understood and respected the role of market transformation and how utilities can bring new energy efficiency tools and technologies to market. Thus, Illinois has been a leader in the Midwest in adopting emerging EE technologies and should continue to pursue the best available technologies and processes to advance efficiency throughout the state.

Importantly, energy efficiency is much more complex than it once was. Simply put, EE is not just lightbulbs anymore. Rather, EE and demand response can provide utilities, grid operators, regulators and end users with a unique and complex set of tools to best utilize existing energy, transmission, pipeline and grid resources. Efficiency helps customers and communities, but EE and DR have become grid tools that can help reduce demand, shape usage patterns and improve reliability. We encourage Illinois to think about advancing energy efficiency forward and utilizing the resource in a more thorough way. Together, these tools, technologies and processes can greatly reduce the carbon intensity of our gas resources and prime us to take on further decarbonization strategies.

**Question 3: Are you interested in presenting an overview of these comments at the February 26 or February 27 ICC Future of Gas Workshops? If yes, the Facilitator will reach out directly to coordinate.**

- **Please note: ICC Staff requests that interested participants consider submitting joint comments and presenting jointly, where possible.**

Yes, MEEA staff would be happy to present at the February 26 or 27 Workshop. Thank you for the opportunity to submit comments and potentially present an overview of our comments at an upcoming Future of Gas Workshop.

Sincerely,



Paige Knutsen, Executive Director  
Midwest Energy Efficiency Alliance