

**CHESAPEAKE
UTILITIES
CORPORATION**

Energy Efficiency Program

State of Delaware

July 26, 2023

Agenda

- Chesapeake in Delaware
- Energy Efficiency Portfolio Goals
- Portfolio Development
 - Overview
 - Existing SEU Programs
 - Standard Offer Program
 - Portfolio Totals
- Cost Recovery Mechanism
- Summary and Next Steps



Delaware Division By the Numbers



>71,480
Customers



**>\$225
Million**
Assets
Operating in
State



**>\$1.57
Million**
Annual
Property
Taxes Paid



**>1,280
Miles**
Distribution
Pipeline

Company Values

Our Values

Care

We Care.

We put people first.

Keep them safe. Build trusting relationships. Foster a culture of equity, diversity, and inclusion. Make a meaningful difference everywhere we live and work.

Integrity

We act with integrity.

We tell the truth.

Ensure moral and ethical principles drive our decision-making. Do the right thing even when no one is watching.

Excellence

We are committed to excellence. We achieve great things together.

Hold each other accountable to do the work that makes us better every day.
Never give up.

Chesapeake EE Portfolio Goals

- Provide more help for Delaware energy customers
- Complement other rate programs with energy efficiency programs
- Recover costs
- First year goal: energy savings equivalent to 0.2% of sales
- Ultimate goal is to reach 0.5% of sales within three years of portfolio initiation

Portfolio Development

- Chesapeake engaged MCR Performance Solutions, LLC (MCR) for portfolio research, analysis, and planning
- MCR developed the portfolio model and calculated the cost effectiveness

Portfolio Development

- Performed market scan of gas programs offered nationwide
- Analyzed programs available in Delaware
- Calculated avoided costs of Chesapeake natural gas
- Developed measure characterization using Delaware TRM
- Met with Delaware SEU and its implementation contractor for the SEU programs
- Conducted initial review meetings with PSC Staff and the Public Advocate
- Held meetings with Optimal Energy

Overview

- Chesapeake will partner with the SEU on three of their existing EE programs
 - Home Energy Counseling and Checkup (HEC)
 - Home Performance with ENERGY STAR Program (HP)
 - Assisted Home Performance with ENERGY STAR Program (AHP)
- Chesapeake will establish its own, novel Standard Offer Program (SOP)

Home Energy Counseling and Checkup

- SEU program normally targets income-eligible customers
- Chesapeake will open to all residential customers
- Provide one-hour in-home visit
- Conduct walk-through audit to identify opportunities for efficiency improvement
- Discuss recommendations with client
- Install or provide low-cost efficiency measures
- Provide information for additional energy efficient programs

Home Energy Counseling and Checkup

Chesapeake-funded Measure

4' hot water pipe wrap

Faucet aerator

Low-flow showerhead

WiFi thermostat

15' boiler pipe insulation

Hot water tank temperature turndown

Weatherization kit

Home Energy Counseling and Checkup - Snapshot

Element	2024	2025	2024-25
Annual MMBtu – Gross	3,241	3,435	6,676
Annual MMBtu – Net	1,752	1,857	3,609
Participants	486	515	1,001
Incentive Costs	\$28,810	\$30,516	\$59,326
EM&V Costs	\$4,322	\$4,577	\$8,899
Other Administrative Costs	\$17,286	\$18,309	\$35,595
Total Program Costs	\$50,418	\$53,402	\$103,820
TRC	3.29	3.28	3.29
UCT	3.97	3.95	3.96

Home Performance with ENERGY STAR

- An energy assessment for homeowners and renters (1-4 unit properties) is provided with \$50 customer co-pay, including:
 - A health and safety check
 - Installation or provision of low-cost efficiency measures
 - Analysis of overall comfort levels
 - Identification of air sealing and insulation opportunities
 - Analysis of heating, cooling and ventilation systems
 - Access to rebates for recommended measures
- Access to low-interest financing
- A customized report on the property is created and reviewed with the customer

Home Performance with ENERGY STAR

Chesapeake-funded Measure	Chesapeake-funded Measure
4' hot water pipe wrap	Combination boiler
Faucet aerator	Thermostat
Low-flow showerhead	90 AFUE boiler
Tankless water heater	15' boiler pipe insulation
	Hot water tank temperature turndown
94 AFUE furnace	
96 AFUE furnace	Weatherization kit

Home Performance with ENERGY STAR - Snapshot

Element	2024	2025	2024-25
Annual MMBtu – Gross	6,872	7,289	14,161
Annual MMBtu – Net	4,566	4,845	9,411
Participants	713	756	1,469
Incentive Costs	\$163,480	\$173,397	\$336,877
EM&V Costs	\$24,521	\$26,010	\$50,531
Other Administrative Costs	\$98,088	\$104,039	\$202,127
Total Program Costs	\$286,089	\$303,446	\$589,535
TRC	1.77	1.76	1.77
UCT	1.77	1.76	1.77

Assisted Home Performance with ENERGY STAR

- An energy assessment for homeowners and renters (1-4 unit properties) is provided with \$25 customer co-pay, including:
 - A health and safety check
 - Installation or provision of low-cost efficiency measures
 - Analysis of overall comfort levels
 - Identification of air sealing and insulation opportunities
 - Analysis of heating, cooling, and ventilation systems
 - Access to enhanced rebates for recommended measures
- Access to low-interest financing
- A customized report on the property is created and reviewed with the customer

Assisted Home Performance with ENERGY STAR

Chesapeake-funded Measure	Chesapeake-funded Measure
4' hot water pipe wrap	Combination boiler (1)
Faucet aerator	Thermostat
Low-flow showerhead	90 AFUE boiler (1)
Tankless water heater	15' boiler pipe insulation
	Hot water tank temperature turndown
94 AFUE furnace	
96 AFUE furnace	Weatherization kit

(1) – Measure mix provided and used for planning showed zero units installed historically, but Chesapeake would rebate the measure if recommended and selected by participant.

Assisted Home Performance with ENERGY STAR - Snapshot

Element	2024	2025	2024-25
Annual MMBtu – Gross	848	904	1,752
Annual MMBtu – Net	616	655	1,270
Participants	65	70	135
Incentive Costs	\$33,793	\$35,428	\$69,221
EM&V Costs	\$5,069	\$5,314	\$10,383
Other Administrative Costs	\$20,276	\$21,257	\$41,533
Total Program Costs	\$59,138	\$61,999	\$121,137
TRC	1.45	1.45	1.45
UCT	1.22	1.23	1.22

Breakdown of Portfolio Costs – SEU Programs

Home Energy Counseling and Checkup

	Avoided Costs	Budgeted Plan Cost	TRC
2024	\$200,196	\$50,418	3.29
2025	\$211,079	\$53,402	3.28

Home Performance with ENERGY STAR

	Avoided Costs	Budgeted Plan Cost	TRC
2024	\$507,665	\$286,089	1.77
2025	\$535,417	\$303,446	1.76

Assisted Home Performance with ENERGY STAR

	Avoided Costs	Budgeted Plan Cost	TRC
2024	\$72,167	\$59,138	1.45
2025	\$76,109	\$61,999	1.45

Standard Offer Program

- Any entity (residential or non-residential customer, program administrator, or other organization) provides to Chesapeake a detailed project summary and completed economics calculator, application and supporting documentation, including, but not limited to:
 - The proposed cost of the project
 - The expected natural gas and electric savings
 - The timeline to complete the project
 - Useful life and primary end-use
- Application includes terms and conditions, including indication of other funding and attestation that funding is required to make project viable

Standard Offer Program – Calculator Tool

Chesapeake Utilities - Delaware

Project Summary and Economics Calculator

Project or Measure Information (implementer data entry to green cells)

Project Identification		Project or Measure Quantification		Project or Measure Quantification	
Customer Name:	John Doe	Gross Annual MMBtu:	4,586.9	Useful Life:	15
CUC Account Number:	1234567890	Assumed NTG	0.9000	Project Year:	2024
Project Title (C&I only):		Net Annual MMBtu	4,128.20	End Use:	Heat
Host Program Administrator:	DNREC	Electric kWh	0	Percent of BTU gas	100.00%
Host PA Tracking ID:	987654	Project Cost	\$163,192.82	Project Cost to Gas	\$163,193
				Key: Implementer (PA Partner) Input	
Maximum Chesapeake Contribution to Measure Cost (i.e., Incentive to Host PA):		\$81,596.41		Chesapeake Input	
Fully Loaded (Measure + Admin) Gas TRC		2.36		Calculation	

Results from the project summary and economics calculator indicate eligibility for consideration for Chesapeake funding and maximum possible rebate to facilitate Chesapeake review and decision-making, but do not guarantee project acceptance or rebate amount ultimately offered, if any.

Standard Offer Program - Snapshot

Element	2024	2025	2024-25
Annual MMBtu – Gross	4,032	9,431	13,463
Annual MMBtu – Net	3,629	8,488	12,117
Participants	TBD	TBD	TBD
Incentive Costs	\$71,731	\$172,801	\$244,532
EM&V Costs	\$10,760	\$25,920	\$36,680
Other Administrative Costs	\$43,038	\$103,680	\$146,718
Total Program Costs	\$125,529	\$302,401	\$427,930
TRC	2.36	2.28	2.30
UCT	3.70	3.58	3.61

Portfolio Totals

Element	2024	2025	2024-25
Annual MMBtu – Gross	14,993	21,059	36,052
Annual MMBtu – Net	10,563	15,845	26,408
Participants	1,264	1,341	2,605
Incentive Costs	\$297,814	\$412,142	\$709,956
EM&V Costs	\$44,672	\$61,821	\$106,493
Other Administrative Costs	\$178,688	\$247,285	\$425,973
Total Program Costs	\$521,174	\$721,248	\$1,242,422
TRC	2.09	2.13	2.11
UCT	2.39	2.64	2.53

Cost Recovery Mechanism

- Chesapeake is pursuing cost recovery for this portfolio
- Proposing an Energy Efficiency Rider (EER) that will be a fixed rate per CCF for all firm customers
- The costs recovered would include:
 - A projection of portfolio costs for program years 2024-2025
 - Costs collected in an existing regulatory asset (deferred accounting was approved in PSC Docket No. 16-0920, Order No. 8950, to defer costs incurred out of activities resulting from EEAC recommendations pursuant to 29 Del. C. § 8059 (h)(1)e.2)

Chesapeake EE Portfolio Summary

- Chesapeake is proposing Delaware's first natural gas energy efficiency program portfolio to be offered by a regulated utility
- Chesapeake is currently partnering with the SEU on three of their programs, but additional partnerships on other SEU programs are possible in future portfolios
- Chesapeake's Standard Offer Program provides flexibility to parties seeking funding for cost-effective energy efficient projects that may not be financially-viable absent such funding

Next Steps

- EEAC to review these Chesapeake plan materials before July EEAC meeting
- EEAC to vote on Chesapeake portfolio plan as part of July EEAC meeting
- With EEAC approval, Chesapeake will file this plan with Public Service Commission shortly after July 26th

**CHESAPEAKE
UTILITIES
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Thank You