

## **NICOR GAS COMPANY'S RESPONSE TO THE ICC STAFF'S FOURTH REQUEST FOR COMMENTS IN THE THERMAL ENERGY NETWORKS WORKSHOPS**

Pursuant to a request from the Illinois Commerce Commission (“Commission”) Staff in the workshops addressing Thermal Energy Networks, Northern Illinois Gas Company d/b/a Nicor Gas Company (“Nicor Gas” or the “Company”), through its undersigned attorneys, respectfully submits these Comments addressing Staff questions raised in the workshops.

### **Thermal Energy Network Workshop – Request for Comment #4**

Nicor Gas appreciates the opportunity to provide a final round of comments in the Thermal Energy Network Workshop. The Company would like to take the opportunity to reiterate key points on why natural gas utilities are in the best position to install, maintain, and own thermal energy networks.

Utilities have the experience and expertise necessary to manage all aspects of large utility networks (safety, operational, workforce development, community engagement, and financial considerations). The physical assets necessary to operate a thermal energy network should be owned in much the same manner that natural gas networks and associated equipment are owned today. Natural gas utilities typically own and operate the local distribution aspects of the natural gas value chain, not the upstream production and gathering, which typically occurs in different geographic regions. However, for thermal energy networks, production and gathering are more closely integrated with the local distribution system and are geographically collocated with the distribution network. Therefore, the thermal energy production and distribution assets should be owned and operated by public and private utilities. Meanwhile, the end-use equipment and appliances should be owned by the end-user.

The costs associated with the external thermal energy network investment and ongoing operations can be recovered through a rate mechanism similar to that used for regulated natural gas pipelines. This will benefit the end users by balancing the risks associated with the capital intensive external thermal energy network assets across a larger user base while allowing the customer to own the end-use equipment.

Natural gas utilities have extensive experience with workforce development and training of employees to safely install and maintain utility scale systems. These employees are highly skilled and possess many of the necessary skills required for thermal energy network installation, such as drilling and underground pipe installation. The new thermal energy skillset can be integrated into the utility's workforce development program. Importantly, natural gas utilities operate under strict safety standards which will be incorporated into the thermal energy network training. Additionally, natural gas utilities have relationships with the union workforce, local businesses, and communities, which will play an important role in the thermal energy network installation process.

The development of thermal energy networks in conjunction with state, local, and utility supported energy efficiency programs can maximize value and support cost savings. Weatherization programs can lower the overall energy demand for heating and cooling buildings making thermal energy networks less expensive to develop. Please see Nicor Gas' second round

of comments, which detailed a number of energy efficiency and weatherization related recommendations. Additionally, thermal energy networks are among technologies that could positively impact disadvantaged communities through increasing access to clean energy and clean energy jobs. Geothermal heat pumps can reduce energy consumption up to 44% when compared to air-sourced heat pumps and up to 72% when compared to electric resistance heating with standard air conditioning equipment. The higher energy efficiency of geothermal heat pumps and the inherent reliability of underground geothermal energy can reduce emissions and decrease the burden on the existing energy grid (electric and gas), which will benefit all of society. Affordability (reducing energy poverty) is a pillar of energy equity, and better understanding cost-effectiveness and the scale of adoption required to make system maintenance and operations affordable is important in order to understand if and how the projects further energy justice. While initial installation costs may be high, studying the lifecycle costs may provide key insight into whether there are long term savings benefits.

For the reasons detailed above, it is critical that any recommendations stemming from the Thermal Energy Workshop process not preclude utilities from providing thermal energy network service in the future.

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Respectfully submitted,

NORTHERN ILLINOIS GAS COMPANY  
D/B/A NICOR GAS COMPANY

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