

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of a Working Case to Review)
the Commission’s Missouri Energy)
Efficiency Investment Act (MEEIA) Rules) **Docket No. EW-2015-0105**
4 CSR 240-3.163, 4 CSR 240-3.164,)
4 CSR 240-20.093, and 4 CSR 240-20.094)

**RECOMMENDED REVISIONS TO THE
COMMISSION’S MEEIA RULES OF BRIGHTERGY, LLC**

Brightergy, LLC (“Brightergy”) supports the efforts of the Missouri Public Service Commission, the Missouri General Assembly, and the Governor to encourage producers and consumers of electricity in Missouri to pursue measures to become more energy efficient. Efficiency is the one of the most effective and lowest cost means to reduce consumption and strain on our electrical grid. The changes Brightergy proposes in this paper are aimed at expanding allowances within the bounds of the statute without impacting the profitability of Missouri’s investor-owned utilities. In response to the Commission’s order regarding comments in this docket, Brightergy states the following:

I. Effectiveness of MEEIA

Overall, the MEEIA program has been successful in promoting energy efficiency goals and greater load management. Under the Commission’s guidance, the program has facilitated necessary investments in technology and infrastructure that have resulted in tangible gains. With the revisions recommended in this filing, the MEEIA program can make an even greater impact on Missouri’s energy policy. Brightergy looks forward to working with stakeholders in this process to achieve the common goals under the MEEIA program.

II. Comments regarding the MEEIA rules

A. The Commission should encourage the use of additional technologies under MEEIA

The General Assembly did not limit the possible measures to be taken to achieve energy efficiency goals. Instead, it specifically allowed the Commission to expand allowable programs beyond the statutory language by defining a demand-side program as:

any program conducted by the utility to modify the net consumption of electricity on the retail customer's side of the electric meter, including but not limited to energy efficiency measures, load management, demand response, and interruptible or curtailable load; RSMo 393.1075.2(3), emphasis added.

The statute further requires that “It shall be the policy of the state to value demand-side investments equal to traditional investments in supply and delivery of all reasonable and prudent costs of delivering cost-effective demand-side programs.” RSMo 393.1075.3.

In furtherance of the state's public policy, Brightergy recommends specifically naming additional technologies to those set out in statute and regulation. Brightergy's position is that the current wording of the statute allows costs related to these additional technologies to be recoverable under MEEIA, but because they are not specifically enumerated in the statute, there have been delays in their deployment.

Combined heat and power (“CHP”), also known as cogeneration, is a technology capable of the simultaneous production of electricity and heat from a single fuel source, such as: natural gas, biomass, biogas, coal, waste heat, or oil.¹ A combined heat and power unit can reduce the amount of electricity used by a consumer by utilizing what is normally heat wasted in the generation process to create steam, heat water or otherwise power a variety of devices. The process of using waste heat to generate additional power results in a process more than twice as efficient as traditional generation which does not use waste heat.²

In addition to using waste heat to generate additional power, CHP uses waste heat to decrease, and in some instances replace, the electricity used by heating and cooling equipment.

¹ <http://www.epa.gov/chp/basic/index.html>, last accessed November 11, 2014.

² <http://www.epa.gov/chp/basic/efficiency.html>, last accessed November 11, 2014.

This is done by bypassing the electrical generation process altogether and instead using the heat directly to power heating and cooling equipment. When this heat is used in place of electricity, the energy savings are substantial, but energy savings are also realized when the heat is used to power a natural gas appliance. Thus, even without a demonstrated consumer behavioral change, less power would be consumed from the implementation of a CHP unit.

Likewise, solar arrays of the type being installed across the state on commercial and residential buildings have great untapped potential to greatly reduce the consumption of electricity from the grid and to ensure a more balanced and less volatile load base. One of MEEIA's policy objectives is load management, and technology which lowers and balances consumer usage would fit dual public policy objectives. Solar systems should also be explicitly named in the MEEIA rule.

The change to the regulation is simple and will clarify any ambiguities. 4 CSR 240-3.163.1(E) and 4 CSR 240-3.164.1(F) can each be modified as follows: "Demand-side program means any program conducted by the utility to modify the net consumption of electricity on the consumer's side of the meter including, but not limited to, energy efficiency measures, load management, demand response, commercial solar installations, combined heat and power technologies, and interruptible or curtailable load.

As noted, the statutes can be read to permit utilities to recover costs related to investments in these technologies as they are currently drafted, but the recommended changes would eliminate any contrary interpretations and expedite the deployment of additional technologies.

B. The Commission should give utilities the flexibility to target specific consumers

The Commission should modify the rules to allow utilities flexibility in targeting users who would get the most benefit from energy efficiency technologies. Those would typically be high-volume users responsible for their own utility bills, including school districts, municipalities, hotels, hospitals, and other consumers with extraordinary energy needs. This targeted program could include higher rebate limits for the targeted consumers and other programs the Commission deems appropriate.

Targeted incentives would allow utilities and efficiency companies to further MEEIA's public policy goals by concentrating resources where they would have the highest return on investment. Stakeholders have developed institutional knowledge of the market for energy efficiency services over the life of the program, and are well-suited to determining the best utilization for efficiency technology. No regulation needs to be changed for the Commission to initiate a flexible incentive.

C. The Commission has the authority to use broader cost-effectiveness tests

Section 393.1075 identifies the total resource cost test ("TRC") as the preferred cost-effectiveness test. The Commission is authorized, however, to approve demand-side programs if removing the costs funded by the customer from the total resource cost calculation result in the ratio exceeding 1.0. Removing those costs from the total resource cost test is equivalent to performing the utility cost test. This interpretation would give the utilities more flexibility in designing their demand side programs.

The benefit of this increased flexibility, similar to the targeted incentive proposal above, is an expansion of MEEIA to the technologies and consumers most likely to promote the policy goals.

III. Conclusion

Brightergy applauds the work of the Commission in implementing and administering the MEEIA program, and hopes that the Commission and Staff consider the ideas set forth in this docket to further expand and enhance the program's benefits.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been served electronically via the Electronic Filing and Information System (EFIS) on all counsel of record this 14th day of November, 2014.

/s/ Andrew Zellers

Andrew Zellers