

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. EO-91-244

FROM: Teresa A. Ralston *TR*
Utility Services Director's Office

THROUGH: Dale W. Johansen *DWJ*

SUBJECT: Staff's Recommendation In Case No. EO-91-244
Union Electric Company

DATE: March 22, 1991

FILED

MAR 28 1991

PUBLIC SERVICE COMMISSION

Reviewed By: Sam Goldammer 3/27/91 Linda Gardner 3/27/91
Utility Operations Division/Date General Counsel's Office/Date

On January 7, 1991, Union Electric Company (UE) filed with this Commission an Application requesting a variance from promotional practices, pursuant to 4CSR 240.060 and 4CSR 240-14.010(2) for approval of an Energy Efficient Lighting Research Program. The purpose of the program is to test the cost-effectiveness of offering a rebate for the replacement of commercial lighting components with energy efficient ballasts and lamps and to gain a better understanding of the potential of such a program for UE's service territory.

The Application was reviewed by the Energy and Research and Planning Departments of the Utility Operations and Policy and Planning Divisions. The recommendations of both departments support approval for the variance from the Promotional Practices Rule to UE for the Energy Efficient Lighting Research Program. Attached are the Memoranda from Mike Straub and Lena Mantel.

The Staff recommends approval of the application; however, as a condition of approval the Staff recommends that UE be required to file a tariff under which the proposed program will be implemented.

cc: Sam Goldammer
Bo Matisziw
Lena Mantel
Mike Straub
Mike Proctor
Martin Turner
Robert Hack
Beth O'Donnell
Office of the Public Counsel
Michael F. Barnes

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MEMORANDUM

TO: Dale Johansen
FROM: Mike Straub, Energy Department *MS*
SUBJECT: Case No. EO-91-244; Union Electric Company
Energy Efficient Lighting Research Program
DATE: March 13, 1991

On January 7, 1991, Union Electric Company (UE or Company) filed with this Commission an Application requesting a variance from promotional practices, pursuant to 4 CSR 240-2.060 and 4CSR 240-14.010(2) for approval of an Energy Efficient Lighting Research Program. The purpose of the program is to replace existing energy inefficient fluorescent commercial or industrial indoor lighting with the new dedicated ballasts that operate only T8 fluorescent lamps. On an annual basis the Company states that when compared to a standard 4-foot fixture with four 40-watt bulbs, the new T8 system with a dedicated electronic ballast uses approximately 182 kwh per fixture less.

UE is proposing that the lighting program be limited to the St. Louis area which consists of Franklin, Jefferson, St. Charles and St. Louis counties plus the City of St. Louis. The program is proposed to expire on November 30, 1991, or when the Company exhausts its budgeted \$100,000 for the program if that should occur first. The Company plans to publish its evaluation of the program by December, 1991.

UE hopes to test the cost-effectiveness of offering incentives to commercial or industrial customers for the installation of specific energy efficient lighting technologies, and to gain a better understanding of the magnitude of the resource available in improved lighting efficiency, plus the costs and benefits of acquiring that resource.

The Company proposes to offer a \$10 rebate per ballast paid directly to customers who retrofit or replace existing fluorescent lighting with dedicated electronic ballasts that use T8 fluorescent lamps. New construction is not included in the program. Customers must purchase a minimum of 100 ballasts in order to qualify, and rebates will be limited to \$5,000 per customer.

Since (1) no other fuel competes with electricity for the lighting load, (2) requires less energy consumption of the customer, (3) helps to reduce peak, and (4) encourages conservation, I have no objection to the granting of their requested variance from the promotional practices rule to implement their Energy Efficient Lighting Research Program. However, I recommend that the Company file the variance on a tariff sheet and be included in their tariff book. Having a variance to any Commission Rule on a tariff would allow easy access to any interested party.

cc: Bo Matisziw
Randy Hubbs

MEMORANDUM

To: Dale Johansen

From: Lena Mantle *Lena*

Re: Request for Variance from the Promotional Practice Rule
by Union Electric, Case No. EO-91-244

Date: January 24, 1991

I recommend that the Commission grant a variance from the Promotional Practices Rule to Union Electric Company (Company) for the Energy Efficient Lighting Research Program described in Case No. EO-91-244. The purpose of the program is to test the cost-effectiveness of offering a rebate for the replacement of commercial lighting components with energy efficient ballasts and lamps and to gain a better understanding of the potential of such a program for the Company's service territory. This program is a research project with a limited budget, geographical scope, and time duration.

This research program is a natural progression in the development of demand side resource options for Union Electric. The Company has previously screened a number of demand side programs for the commercial class and increasing lighting efficiency ranked among the highest in terms of potential net benefits. Industry experts also report that the replacement of current commercial lighting components with more efficient technology has the largest potential for energy and capacity savings of any end-use in the commercial sector.

This research project has been designed to estimate the cost-effectiveness of using rebates to induce commercial customers to participate in an efficient lighting retrofit program. The information collected will be used to determine the feasibility of an energy efficient lighting program on a system-wide, on-going basis. The experimental residential high efficiency air conditioner rebate program conducted in the summer of 1989 had a similar purpose. The results from that program showed that such a program would not be cost effective for Union Electric on a system-wide basis. Replacement of current lighting equipment with more energy efficient technology will not affect any competing fuel supplier. This research program will provide important basic information which is necessary to estimate the potential load impacts and economic benefits to Union Electric and its customers. Initial program costs will be borne by shareholders. Ratepayers will eventually pay for the program only to the extent that the Commission allows program costs to be recovered in the next rate case.

For these reasons, I recommend that the Commission approve Union Electric Company's request for a variance from the Promotional Practice Rule for this program.

cc: Gordon Persinger
Mike Proctor
Martin Turner