

October 20, 2017

Chairman Daniel Hall  
Missouri Public Service Commission  
200 Madison Street  
Governor Office Building  
Jefferson City, MO 65101

**Re: *Comments on File No. EW-2017-0245, Order Seeking Responses Regarding Distributed Energy Resource Issues, and Scheduling a Workshop Meeting***

Dear Chairman Hall and Commissioners of the Missouri Public Service Commission:

The Natural Resources Defense Council and the National Housing Trust would like to thank the Commission for the opportunity to comment on the issues raised File No. EW-2017-0245. We look forward to participating in the upcoming stakeholder workshops to explore distributed energy resources and will encourage members of the Missouri Energy Efficiency for All network to do so as well. Since 2014 NRDC and NHT, along with local partners, have been convening this diverse, cross-sector network to collaboratively identify, discuss, and take action on barriers and solutions to delivering more energy efficiency to low-income multifamily housing.

About the Natural Resources Defense Council:

The Natural Resources Defense Council (NRDC) is a nonprofit environmental organization with more than 3 million members and online activists. Since 1970, our lawyers, scientists, and other environmental specialists have worked to protect the world's natural resources, public health, and the environment.

About the National Housing Trust:

The National Housing Trust is the nation's leading expert in preserving, improving and maintaining affordable housing – ensuring that privately owned rental housing remains in our affordable housing stock and is sustainable over time. Using the tools of real estate development, rehabilitation, finance, and policy advocacy in conjunction with sustainable practices, the Trust is responsible for saving more than 36,000 affordable homes in all 50 states, leveraging more than \$1.2 billion in financing.

**Q: What are the current levels of distributed energy resources (energy efficiency, distributed generation, demand-response, etc.) in Missouri?**

Calculating the current amount of energy savings from the multifamily sector, as well as the investment in energy efficiency in this sector, is difficult. However, we have good evidence that there are large potential energy savings in the low-income multifamily sector. A 2015 study found that, by 2035, Missouri could reduce annual electricity usage by 358-459 GWh—or 15-20 percent sector-wide—by investing in all cost-effective energy efficiency in affordable

multifamily buildings.<sup>1</sup> In recent years, Ameren Missouri and KCP&L have begun offering programs exclusively for low-income multifamily buildings, but that has not historically been the case. These two utilities are also beginning to move away from requiring low-income multifamily buildings to apply separately to commercial and residential programs for common area/building systems vs. in-unit upgrades. Program staff and stakeholders continue to work toward improved program design that offers the level of support owners need to achieve deep energy savings.

While there are barriers to serving this sector, there are several excellent resources available that outline how utilities can successfully tap the available savings. They include:

- The Energy Efficiency for All “Program Design Guide: Energy Efficiency Programs in Multifamily Affordable Housing”;<sup>2</sup>
- ACEEE’s “Apartment Hunters: Programs Searching for Energy Savings in Multifamily Buildings” report;<sup>3</sup> and
- The Midwest Energy Efficiency Alliance’s “Well-Suited Energy Efficiency: Tailoring Programs for Multifamily Buildings,” which illustrates the growing trend of designing programs specifically and exclusively for the multifamily sector.<sup>4</sup>

We encourage the Commission to examine how program design and data collection can be improved to ensure that utility investment in energy efficiency is done equitably and that the benefits of energy efficiency are realized by all customers.

It should be noted that multifamily housing makes up approximately 11-22% of all housing in the Midwest, and about 12% specifically in Missouri. Across the Midwest multifamily exclusive energy efficiency programs account for 1.3-6% of annual electric energy efficiency spending, and provide .3-2.9% of annual electric savings, as reported in the aforementioned report by MEEA. Based on these numbers one can see the discrepancy and need for an increased focus on equity in program design.<sup>5</sup> This is also evidence that it is easy for utilities to neglect this hard-to-reach sector. We encourage the Commission to be vigilant in ensuring that this pattern does not manifest in Missouri.

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<sup>1</sup> Energy Efficiency for All. “The Significant Potential for Energy Savings in Missouri’s Affordable Multifamily Housing.” April 2015.

<http://www.energyefficiencyforall.org/sites/default/files/MO%20PS%20%20PDG%20Release%20Fact%20Sheet.pdf>

<sup>2</sup> Energy Efficiency for All. “Program Design Guide: Energy Efficiency Programs in Multifamily Affordable Housing.” January 2015. <http://energyefficiencyforall.org/sites/default/files/EEFA%20PROGRAM%20GUIDE.pdf>.

<sup>3</sup> ACEEE. “Apartment Hunters: Programs Searching for Energy Savings in Multifamily Buildings,” December 2013. <http://aceee.org/research-report/e13n>.

<sup>4</sup> Ehrendreich, Gregory and Friedman, Julia. “Well-Suited Energy Efficiency: Tailoring Programs for Multifamily Buildings.” February 2017. [http://www.mwalliance.org/sites/default/files/media/MEEA\\_2017\\_Well-Suited-Multifamily-EE\\_Feb2017.pdf](http://www.mwalliance.org/sites/default/files/media/MEEA_2017_Well-Suited-Multifamily-EE_Feb2017.pdf).

<sup>5</sup> Midwest Energy Efficiency Alliance. “Multifamily Energy Efficiency.” <http://www.mwalliance.org/sites/default/files/media/Multifamily-EE-Factsheet.pdf>.

Another reason that it is important to examine how to better deliver energy efficiency resources to the multifamily sector is that this sector represents a significant potential for energy savings. In 2015, Energy Efficiency for All published “The Significant Potential for Energy Savings in Missouri’s Affordable Multifamily Housing.” The report found that utility programs could cost-effectively reduce electricity demand by 15-20 percent in affordable multifamily buildings and that participation rates in energy efficiency programs for these customers was around 30 percent.<sup>6</sup>

As a final reference point for understanding the multifamily building sector in Missouri and the Midwest (building characteristics, energy efficiency features, and demographics), we refer the Commission to the Midwest Energy Efficiency Alliance’s “Midwest Multifamily Market Characterization.”<sup>7</sup> This report found that only 1% of multifamily housing has reported having a professional energy audit and that most multifamily buildings in the region were constructed in the 1970s, meaning that they are not built to current building energy code standards.

**Q: Should changes be made to the Integrated Resource Planning (IRP) process to accommodate increased use of distributed energy resources?**

NHT and NRDC urge the Commission to revise 4 CSR 240-22 – Electric Utility Resource Planning to incorporate language requiring the electric utilities to conduct stakeholder outreach to a wide variety of energy stakeholders including those representing low-income customers and tenants and building owners of affordable multifamily housing. An electric utility should be required to obtain input from diverse constituencies in a timely manner so that information may affect the IRP process in a meaningful way. The utility should be required to document the ways in which it solicited input from stakeholders and how that input was incorporated into the assumptions, sensitivities, scenarios, energy efficiency cost-effectiveness screenings, and potential studies in its IRP. The Missouri Energy Efficiency for All network members are ready and willing to assist with outreach and provide input to the IRP process.

In addition, the potential studies that feed into IRP planning should fully account for the fact that low-income energy efficiency programs need not be cost-effective. Otherwise, these studies and the subsequent IRPs will underestimate the potential contributions of low-income energy efficiency to meeting utility resource needs.

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<sup>6</sup> Energy Efficiency for All. “The Significant Potential for Energy Savings in Missouri’s Affordable Multifamily Housing.” April 2015. <http://www.energyefficiencyforall.org/sites/default/files/MO%20PS%20%20PDG%20Release%20Fact%20Sheet.pdf>.

<sup>7</sup> Midwest Energy Efficiency Alliance. “Midwest Multifamily Market Characterization: Building Attributes & Occupant Demographics.” April 2017. [http://www.mwalliance.org/sites/default/files/meea-research/meea\\_2017\\_midwest-multifamily-market-characterization\\_v1.0-final\\_web.pdf](http://www.mwalliance.org/sites/default/files/meea-research/meea_2017_midwest-multifamily-market-characterization_v1.0-final_web.pdf).

Thank you for the opportunity to comment on EW-2017-0245. We look forward to continuing to engage in the work of the Commission to bring the benefits of energy efficiency to all customers in Missouri.

Sincerely,

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