BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a Ameren Missouri's 2nd Filing to Implement Regulatory Changes in Furtherance of Energy Efficiency as Allowed by MEEIA	)))))	**Docket No. EO-2015-0055**

<u>INITIAL POST-HEARING BRIEF OF BRIGHTERGY, LLC</u>

COMES NOW Brightergy, LLC ("Brightergy") and by and through its undersigned attorney, and for its Post-Hearing Brief, hereby states the following:

I. INTRODUCTION

Ameren's MEEIA program should continue. The program benefits all ratepayers within Ameren's service territory, and assists the company in meeting the state's statutory public policy goals, encouraging efficiency investment, and promoting economic development.

In furtherance of those goals, the Commission should order Ameren to include a program which has real-world impact on efficiency efforts in Missouri. Brightergy's program change proposal as outlined in testimony will encourage consumers, who otherwise would not participate in the program, to invest in efficiency measures.

The tariff change Brightergy has proposed will encourage investment in energy efficiency by reducing the amount of time it takes for them to realize energy savings. This simple design change will assure the Commission that ratepayers' MEEIA dollars are spent in a way that truly encourages efficiency investment, without raising the overall program budget or increasing costs for energy consumers.

The record in this docket is closed, and there is no evidence contradicting Brightergy's witnesses. Regarding Brightergy's proposal, the Commission does not have to weigh evidence in favor and in opposition to reach a conclusion. Instead, it needs only to consider undisputed evidence advocating for adoption of a tariff structure which has already proven successful in moving the needle on efficiency investment.

II. Brightergy's Program Design Proposal and its Efficacy

Brightergy's proposal is a proven tool which has two goals. First, to address free ridership, and second, to incentivise customers who would not otherwise spend on these projects. This proposal is a program change which has been proven to encourage new investment in energy efficiency technologies and assist utilities in meeting Missouri's public policy efficiency goals.[1] The policy objective underlying the proposal is to encourage businesses which otherwise would not invest in energy efficiency projects to make that investment.

Succinctly, the tariff change will incentivize customers under Ameren's Custom Business Energy Efficiency tariff to invest in efficiency programs by moving the rebate program away from a flat, per-kWh rebate based on first-year efficiency to a program in which the incentive will take the form of a rebate based on 50% of the entire project's cost. In some circumstances, rebates focused on first-year savings lead customers to invest in less-quality systems that don't provide long term value to other ratepayers or the energy system.

[1] The precise language from Appendix A of Paul Snider's Rebuttal Testimony, KCP&L Tariff Sheet No. 1.79, reads as follows: "The maximum amount of each rebate will be calculated as the lesser of the buy down to a two-year payback, 50% of the incremental cost of the higher efficiency equipment, system, or energy saving measure, up to the customer annual maximum."

The proposal will not increase the overall budget for MEEIA expense, and therefore should not result in an adverse rate impact for any Ameren ratepayer.[2] To the contrary, if the goals of energy efficiency include decreasing the need for large infrastructure investment in the future, all ratepayers will benefit from incentivising new investors over free riders.

As an energy efficiency program design change that modifies Ameren's proposal and has already been implemented in KCP&L's tariff under the terms of the same statute and rule, there should be no doubt that the program qualifies under MEEIA as a Demand-Side Program. Further, there is nothing in Ameren's tariff that would prevent it from implementing the program change that Brightergy has proposed.

Unlike the structure Ameren proposes, Brightergy's proposed program change will promote energy efficiency programs in a manner that will attract more investment.[3] In Rebuttal Testimony, Brightergy witness Paul Snider highlighted the issue of free ridership in efficiency programs.[4] The issue, which was not addressed by any other party at the evidentiary hearing, occurs when an incentive is not high enough to encourage investment among consumers who would not otherwise invest. Instead, the rebates go to consumers who had planned on investing in efficiency measures without the rebates. Spending MEEIA funds in this manner does not result in any new efficiency gains.

The Commission can also rely on the representation of an Ameren witness that the market for lighting in Ameren service territory is evolving, but there is still room to market efficiency to new customers.

Ameren witness Rick Voytas, while answering a question regarding the effect of Ameren's MEEIA Cycle I program on the lighting market, noted that "Ameren Missouri has

[2] Ex. 1501, Snider Rebuttal at 4:8-4:10.
[3] Snider Rebuttal 3:20-3:23.
[4] Snider Rebuttal 3:3-3:7.

made great strides in increasing the saturation of efficient light bulbs, but it by no way, shape or form has saturated the entire market. Ameren Missouri is not in a position to walk away from the efficient lighting market because the market's transformed at this time." See Tr. at 262.

III. BRIGHTERGY'S EXPERIENCE

The Commission can rely on the evidence Brightergy presented because of its extensive experience working with efficiency clients in Missouri. Brightergy's expertise includes operations in several metropolitan areas where it has marketed efficiency programs to hundreds of clients. This experience has given Brightergy a unique perspective regarding what facts and circumstances drive consumers' investment decisions.[5] As a marketer of projects under this precise program design, Brightergy has learned that energy investors tend to be persuaded to make an energy efficiency investment when the incentive structure sufficiently reduces the time for the business to realize a financial benefit from reduced energy costs.[6]

When a business considers making an investment in energy efficiency measures, an overriding concern is the payback period a customer will realize after making the investment. In order to encourage investment which otherwise would not occur, that payback period must be reduced sufficiently for the investment to be adequately incentivised.[7]

Brightergy has gained this insight and experience working under identical tariff language in KCP&L's service territory. The proposal mirrors that language so as to give the Commission comfort that the design has been tested and proven reliable.

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[5] Ex. 1500, Rebuttal Testimony of Adam Blake, Page 2, paragraphs 2 and 3.
[6] Snider Rebuttal 3:14-3:23.
[7] Snider Rebuttal 5:18-5:21.

Brightergy offers the Commission its expertise that has come from working with its customers and learning exactly what they look for when making investment decisions. As noted in testimony, a top consideration is the length of time it will take for that investment to pay off. The program proposal will capitalize on this experience to move the needle on efficiency.

IV. LEGAL AUTHORITY

The Commission is well within its legal authority to order the relief Brightergy has requested. The Legislature explicitly noted the goals of the MEEIA program, which include authority for the Commission to enhance the incentives offered to customers to encourage efficiency investment:

> It shall be the policy of the state to value demand-side investments equal to traditional investments in supply and delivery infrastructure and allow recovery of all reasonable and prudent costs of delivering cost-effective demand-side programs. In support of this policy, the commission shall … Ensure that utility financial incentives are aligned with helping customers use energy more efficiently and in a manner that sustains or enhances utility customers' incentives to use energy more efficiently;[8]

The enhancement of an up-front incentive to encourage investment is the single biggest step the Commission can take towards ensuring a program design which actually encourages a meaningful level of investment in efficiency measures. This change is not only within the Commission's statutory authority, it is part of the Legislature's charge to the Commission to set policies which aggressively encourage energy efficiency investment.

[8] Mo. Rev. St. 393.1075.3(2), emphasis added.

The proposal for efficiency incentives as Brightergy proposes is specifically allowed under the MEEIA statute, which defines 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 <u>energy efficiency measures</u>…"[9] (emphasis added). The Commission's rule mirrors the statutory language.[10]

Not only is there no evidence in the record to contradict Brightergy's arguments, no party made any assertions in statements to the Commission or questions in cross examinations which challenged the policy. The Commission is on solid legal ground to include this tariff change in its Report & Order. In doing so, the Commission may rely on three overarching principles in including this change.

First, the incentive structure works. The Commission has a laboratory in KCP&L's service territory. The program that Brightergy is asking the Commission to adopt in its Report & Order does not deviate from the language in KCP&L's tariff. The Commission can thus rely on a proven track record within its jurisdiction in its approval.

Second, Ameren's territory is ripe for this type of program design change. Because the market for lighting projects remains unsaturated, the program change will be able to move the needle in terms of encouraging investment.

Third, this will further the Commission's goal of meeting Missouri's statutory public policy goals.

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[9] Mo. R.. St. § 393.1075.2(3).

[10] 4 CSR 240-20.093(1)(L)

CONCLUSION

Brightergy supports the continuation of Ameren's MEEIA program, and encourages the Commission to adopt the tariff language highlighted in Appendix A of Paul Snider's Rebuttal Testimony. The record in this docket justifies the inclusion of Brightergy's program design proposal in the Report and Order because Brightergy has provided competent evidence in support of its position that the program design change will help Ameren and the Commission reach Missouri's public policy goals, benefit economic development, and address free ridership. There is no contradictory evidence on the record to contradict Brightergy's witnesses.

WHEREFORE, Brightergy respectfully asks the Commission to order Ameren to revise its MEEIA tariff to include the language suggested in Appendix A to Paul Snider's Rebuttal Testimony.

Dated August 13, 2015

Respectfully submitted,

_/s/ *Andrew J. Zellers*____________________

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been emailed this 13th day of August, 2015, to all parties on the Commission's service list in this docket.

/s/ Andrew J. Zellers