

**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) **File No. EO-2015-0055**

**MISSOURI DIVISION OF ENERGY'S RESPONSE TO AMEREN MISSOURI'S
ENERGY EFFICIENCY COLLABORATIVE REPORT**

COMES NOW the Missouri Division of Energy ("DE"), by and through the undersigned counsel, and for its *Response to Ameren Missouri's Energy Efficiency Collaborative Report*, states:

1. On February 10, 2016, the Public Service Commission ("PSC") approved¹ a Non-Uniform Stipulation and Agreement ("Stipulation") settling Union Electric Company d/b/a Ameren Missouri's ("Ameren Missouri" or "Company") filing for a second cycle of programs under the Missouri Energy Efficiency Investment Act ("MEEIA").² Paragraph 9 of the Stipulation provides for a collaborative process to investigate how to achieve additional savings of 300-400 MWh or more through new programs and efforts to increase program participation.³

2. Ameren Missouri has met with stakeholders several times over the past few months, soliciting input on new programs and methods to increase participation rates and the persistence of savings. DE and other parties submitted detailed proposals to the Company.⁴ The Company subsequently reviewed parties' proposals, making some changes to the initial

¹ Missouri Public Service Commission Case No. EO-2015-0055, *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*, Order Approving Non-Uniform Stipulation and Agreement, February 10, 2016.

² Missouri Public Service Commission Case No. EO-2015-0055, *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*, Non-Uniform Stipulation and Agreement, February 5, 2016.

³ *Ibid*, pages 9-10.

⁴ DE provided the Company with a CD containing resources related to the proposals. This CD can be provided upon request.

submittals, and worked with stakeholders to refine its reviews. This process resulted in the Company's October 7 filing of *Ameren Missouri's Energy Efficiency Collaborative Report*.⁵

3. DE appreciates the effort put forth by Ameren Missouri and other stakeholders to investigate additional opportunities to achieve savings under MEEIA. Parties to this collaborative dedicated many hours to designing the outlines of these programs, analyzing the proposals, and providing feedback to further refine the proposals and analyses. The collaborative effort produced many promising ideas for new initiatives.

4. DE proposed numerous programs for consideration:

- Hot water heater demand response;
- “Gamification” of efficiency programs (i.e., creating competitions and games to encourage efficiency);
- Structuring whole-home efficiency rebates based on savings achieved, rather than measures undertaken;
- On-bill financing;
- Midstream lighting rebates;
- Advanced lighting controls;
- LED street lighting retrofits;
- Lightbulb “buy-back” or exchange;
- Energy education; and,
- A “circuit rider” to assist with local building code compliance.⁶

After reviewing Ameren Missouri's analyses of the options presented by DE and other stakeholders, DE provides the following comments on Ameren's analyses. DE's comments relate to the proposals involving 1) gamification, 2) energy education, 3) lightbulb exchanges, 4) a circuit rider, and 5) whole-home savings bundling.

5. Ameren Missouri condensed DE's five gamification suggestions, along with the Office of the Public Counsel's suggestion, into a single generalized proposal rather than

⁵ Missouri Public Service Commission Case No. EO-2015-0055, *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*, Ameren Missouri's Energy Efficiency Collaborative Report, October 7, 2016.

⁶ These proposals may be found in Schedule 3 of the Company's October 7 filing

identifying the most effective features from each approach for further analysis (or selecting a particular gamification strategy). Choosing the former method of analysis inappropriately assigns a low cost-effectiveness score to the gamification concept.⁷ In addition, as these programs were proposed, gamification programs implemented as general education campaigns are not subject to cost-effectiveness tests, per §393.1075.4, RSMo.⁸ The Company also states that there will be more options for such programs with smart meter implementation, but as presented by DE, these programs do not all require smart meters. During discussion with stakeholders, Ameren Missouri further indicated that gamification initiatives could potentially be used as marketing tools. DE requests that the Company consider further gamification options as educational campaigns which could increase participation in existing programs and encourage additional behavioral change through innovative approaches.

6. Instead of evaluating DE's suggestion for a particular energy education program based on that provided by Liberty Utilities, in its modeling, Ameren Missouri substituted the materials provided by DE about that program with its current energy education program for schools. In keeping with the scope of the collaborative – namely, to find additional savings in the Company's portfolio – DE requests that its original proposal and specific programmatic information provided be analyzed in order to evaluate its unique value and consider whether it could compliment Ameren's existing program, or possibly replace it if it were determine to be more impactful.

7. DE presented two potential lightbulb exchange programs: allowing residential customers to exchange inefficient lightbulbs for LEDs and providing home construction

⁷ EO-2015-0055, Ameren Missouri Report, Schedule 5, slide 23.

⁸ "... Programs targeted to low-income customers or general education campaigns do not need to meet a cost-effectiveness test, so long as the commission determines that the program or campaign is in the public interest" §393.1075.4, RSMo.

contractors with the ability to purchase LEDs at reduced cost.⁹ Both options would address an issue recently brought to DE's attention as a result of a statewide survey of building practices conducted by the Midwest Energy Efficiency Alliance ("MEEA");¹⁰ MEEA's survey found that approximately two-thirds of homes continue to be built with inefficient lighting in Missouri.¹¹ This finding presents an opportunity to achieve "low-hanging fruit" for Missouri utilities, and should be addressed through more than one channel. Due to the lack of specific analysis performed on DE's submissions of lightbulb-related programs with different delivery models (a buy-back option and an exchange option), DE requests that Ameren Missouri analyze both delivery methods.

8. The MEEA survey also revealed many other areas in which builders are not meeting local building codes, resulting in energy waste and cost increases for residents. For instance, many newly constructed homes do not meet IECC 2009 criteria for duct leakage. At DE's request, MEEA provided a proposal for Ameren Missouri and Kansas City Power and Light Company ("KCP&L")/KCP&L Greater Missouri Operations Company ("GMO") to support a "circuit rider," – a program through which an individual or individuals who would work with builders and local code compliance officials to achieve the savings associated with meeting local building codes by providing educational opportunities, reviewing and observing building practices, and offering training and assistance. The program, based on a model already implemented in Kentucky, would involve joint funding by all three investor-owned utilities at a level of approximately \$180,000 over a two-year period.¹² At DE's suggestion, MEEA has

⁹ EO-2015-0055, Ameren Missouri Report, Schedule 5, slide 18, and Schedule 6, slides 9-11.

¹⁰ The study was conducted at the request of DE to determine progress towards compliance with standard energy efficiency requirements in building codes.

¹¹ MEEA is finalizing a report on its study; DE can provide this report upon request once it is available.

¹² More specifically, MEEA indicated that the estimated cost was \$181,600, plus \$15,000 in administrative costs and

provided additional information to Ameren Missouri, in part regarding appropriate costs to include in cost-effectiveness modeling. The measure-level results from the study are also now available; DE has provided these results to the Company, as well as KCP&L and GMO. DE recommends implementation of this program given its minimal costs and the persistent and impactful savings it could achieve, as well as the exemption of educational programs from cost-effectiveness test requirements under §393.1075.4, RSMo. The savings potential from this program arises from the ability to ensure that not only the buildings directly observed will be more efficient, but that builders and local officials will have the knowledge to meet compliance with future construction projects. This improvement upon construction practices will avoid the need for future remediation and ensure that the codes, as intended, lead to savings from the beginning of buildings' useful lives.

9. In an effort to more effectively allow participants to achieve whole-home savings through simple program designs, DE suggested a whole-home efficiency program through which customers would receive a percentage of their energy efficiency investments back after certain thresholds of energy savings were attained by the homeowners. During the research phase, Ameren Missouri and Kansas City Power & Light Company/KCP&L Greater Missouri Operations Company stated that they already had similar programs in place, but those programs only provide rebates to customers when specific products are purchased. The suggested program by DE would provide incentives for customers to select the right combination of measures for their property in order to achieve the most impactful savings rather than applying a one-size-fits-all prescriptive list of measures which may not optimize the savings achievement possible according to the unique attributes of the building and the customer's energy use. The companies

\$20,000 evaluation (survey) for a total of \$216,600. As noted, this funding would be split between the participating utilities, so no single utility would pay \$216,600 for the program.

were provided with clarification on the difference between the suggested program and the existing programs, but Ameren Missouri ultimately determined the proposal not to be cost-effective. In doing so, Ameren Missouri cited a product listing and associated rebates, which would mirror actions the Company is already taking rather than considering the newly suggested program attributes and delivery mechanism. Additionally, the Company expressed concern about a “double-dipping” phenomenon whereby a customer attempts to receive incentives from multiple programs for the same customer-side measures; this could be avoided by only having one whole-home efficiency program, such as the newly proposed program, which provides flexibility for both the customer and the Company while increasing energy efficiency. DE suggests that to the extent this program is not deemed suitable for implementation in the current MEEIA cycle, the Company should consider this approach and program for its third MEEIA cycle.

10. In working to fully realize the MEEIA goals, DE recommends that the Company work to eventually implement all cost-effective programs, per the goal of §393.1075.4, RSMo. DE would request that the following list of programs be prioritized by the Company for implementation in 2017 and 2018:

- a. **Benchmarking commercial and industrial customer usage** using the U.S. Environmental Protection Agency’s ENERGY STAR® Portfolio Manager tool. This type of effort would mirror the initiative occurring in Kansas City in the St. Louis area, providing additional baseline data and opportunities to work with customers on achieving all cost-effective energy savings.
- b. **Exterior lighting program.** As described below, exterior lighting represents an opportunity for substantial energy savings.

c. **Marketing programs to large employers, including gamification initiatives.** Large employers represent a readily accessible means of communicating to multiple customers via marketing to their employees, and gamification initiatives can promote savings both inside and outside of the workplace. This leveraging of willing partners is particularly well-suited for employers interested in extending their workplace-based efficiency and sustainability efforts into the community and into their employee's homes.

d. **Circuit rider and incandescent bulb buyback programs.** The circuit rider would assist builders and local officials with ensuring that new residential construction meets building codes. Simultaneously, the circuit rider could promote an incandescent lightbulb buyback program to builders.

e. **Low-income single-family neighborhood sweep.** A program should be designed to serve low-income single-family homes in a manner that addresses homes which do not qualify for low-income weatherization assistance.

11. DE also supports the implementation of programs initiatives proposed by other stakeholders, chiefly: a "concierge" service for commercial and industrial customers; an exterior lighting program; and, low-income single-family programs.¹³

12. A concierge service (would provide commercial and industrial customers with a point of contact to assist these customers with monitoring energy use and finding savings opportunities. Although questions have been raised as to the cost-effectiveness of such a program in isolation,¹⁴ DE supports implementing a concierge service as a market and outreach approach.

¹³ These proposals may be found in Schedule 3 of the Company's October 7 filing.

¹⁴ EO-2015-0055, Ameren Missouri Report, page 5.

13. An exterior lighting program would allow the Company to achieve substantial energy savings (43,969 MWh over two years)¹⁵ in an underserved market. While DE recognizes the Commission’s current emphasis on demand savings under MEEIA, Section 393.1075.4, RSMo. also states that there is a, “... goal of achieving all cost-effective demand-side savings,” including those programs that, “...result in energy ... savings” In target markets with substantial opportunities, all cost-effective energy savings should be pursued.

14. DE supports the recommendation to implement a low-income single family program. Although some low-income single-family customers are served by the Low Income Weatherization Assistance Program (“LIWAP”), not all families qualify for LIWAP. The Company already offers a low-income multifamily program, but this certainly does not directly benefit single-family customers. Given the fact that low-income programs do not need to pass a cost-effectiveness test, DE urges the Company to implement aggressive low-income single family programs under MEEIA – specifically, the new construction and “neighborhood sweep” initiatives analyzed during the collaborative process.¹⁶

15. Programs which are not immediately implemented due to a resemblance to programs already within the Company’s extant portfolio should be considered for the third cycle of MEEIA programs. While the currently approved portfolios should be maintained, future portfolios should not be bound by past program structures, but should pursue all cost-effective options through innovations based on best practices and stakeholder feedback.

16. Lastly, DE notes that the Company stated that the Collaborative effort lacked the scope to impact the approved budgets¹⁷ and was not designed to make programmatic

¹⁵ *Ibid.*

¹⁶ *Ibid.*

¹⁷ *Ibid.*

decisions,¹⁸ yet the signatories agreed to approved stipulation language that provided for a process to “identify strategies to increase cost-effective savings, determine the feasibility of implementing additional programs or measures the collaborative proposes to implement ... and identify any increase in the Stipulated Plan’s budget necessary to implement additional programs....”¹⁹ While DE understands that there may be some signatories that are reluctant to pursue new programs and expand the Company’s program budget, and that Ameren Missouri may be apprehensive of making too many alterations to their current programs, the identification and proposal for implementation of the additional cost-effective programs identified is appropriate and consistent with the Stipulation and the spirit of the law. The timely implementation of programs identified by the Collaborative is crucial to fulfilling the MEEIA statute’s policy goal at §393.1075.4, RSMo.: “The commission shall permit electric corporations to implement commission-approved demand-side programs proposed pursuant to this section with a **goal of achieving all cost-effective demand-side savings**” (emphasis added).

WHEREFORE, DE respectfully files its *Response to Ameren Missouri’s Energy Efficiency Collaborative Report* for the Commission’s and stakeholders’ information and consideration.

Respectfully submitted,

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¹⁸ *Ibid*, page 1.

¹⁹ Stipulation, page 9.

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been served electronically on all counsel of record this 14th day of November, 2016.

/s/ Alexander Antal

Alexander Antal