

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

In the Matter of Kansas City Power & Light)
Company’s Notice of Intent to File an)
Application for Authority to Establish a Demand-) **File No. EO-2015-0240**
Side Programs Investment Mechanism)

In the Matter of KCP&L Greater Missouri Operations)
Company’s Notice of Intent to File an)
Application for Authority to Establish a Demand-) **File No. EO-2015-0241**
Side Programs Investment Mechanism)

**MISSOURI DIVISION OF ENERGY’S RESPONSE TO MEEIA 2017-2018
COLLABORATIVE PROGRAM REVIEW – KCP&L FINDINGS**

COMES NOW the Missouri Division of Energy (“DE”), by and through the undersigned counsel, and for its *Response to MEEIA 2017-2018 Collaborative Program Review – KCP&L Findings*, states:

1. On March 2, 2016, the Public Service Commission (“PSC”) approved¹ a Non-Uniform Stipulation and Agreement Resolving MEEIA Filings (“Stipulation”) settling Kansas City Power & Light Company’s (“KCP&L”) and KCP&L Greater Missouri Operations Company’s (“GMO”) (collectively, “Companies”) filings for second cycles of programs under the Missouri Energy Efficiency Investment Act (“MEEIA”).² Paragraph 6 of the Stipulation

¹ Missouri Public Service Commission Case Nos. EO-2015-0240 and EO-2015-0241, *In the Matter of Kansas City Power & Light Company’s Notice of Intent to File an Application for Authority to Establish a Demand-Side Programs Investment Mechanism and In the Matter of KCP&L Greater Missouri Operations Company’s Notice of Intent to File an Application for Authority to Establish a Demand-Side Programs Investment Mechanism*, Report and Order, March 2, 2016.

² Missouri Public Service Commission Case Nos. EO-2015-0240 and EO-2015-0241, *In the Matter of Kansas City Power & Light Company’s Notice of Intent to File an Application for Authority to Establish a Demand-Side Programs Investment Mechanism and In the Matter of KCP&L Greater Missouri Operations Company’s Notice of Intent to File an Application for Authority to Establish a Demand-Side Programs Investment Mechanism*, Non-Uniform Stipulation and Agreement Resolving MEEIA Filings, November 23, 2015.

provides for a collaborative process to investigate how to achieve additional savings of 200 GWh or more through new programs and efforts to increase program participation.³

2. The Companies have 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 Companies.⁴ The Companies subsequently reviewed parties' proposals, making some changes to the initial submittals, and worked with stakeholders to refine their reviews. This process resulted in the Companies' October 12 filing of the *MEEIA 2017-2018 Collaborative Program Review – KCP&L Findings*.⁵

3. DE appreciates the effort put forth by the Companies 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;

³ *Ibid.*, pages 7-8.

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

⁵ Missouri Public Service Commission Case Nos. EO-2015-0240 and EO-2015-0241, *In the Matter of Kansas City Power & Light Company's Notice of Intent to File an Application for Authority to Establish a Demand-Side Programs Investment Mechanism* and *In the Matter of KCP&L Greater Missouri Operations Company's Notice of Intent to File an Application for Authority to Establish a Demand-Side Programs Investment Mechanism*, MEEIA 2017-2018 Collaborative Program Review – KCP&L Findings, October 12, 2016.

- 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

5. After reviewing the Companies’ analyses of the options presented by DE and other stakeholders, DE provides the following comments relating to the proposals involving 1) lightbulb exchanges, 2) a circuit rider, and 3) whole-home savings bundling.

6. It is unclear how the Companies analyzed the lightbulb buy-back or exchange options presented by DE.⁷ DE presented two potential programs: allowing residential customers to exchange inefficient lightbulbs for LEDs and providing home construction contractors with the ability to purchase LEDs at reduced cost. 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”);⁸ MEEA’s survey found that approximately two-thirds of homes continue to be built with inefficient lighting in Missouri.⁹ This finding presents an opportunity to achieve “low-hanging fruit” for Missouri utilities, and should be addressed through more than one channel. However, the Companies may have somehow combined the proposals in their analysis.¹⁰ DE requests that the Companies analyze the proposals separately, but supports the Companies’ plan to consider implementing portions of an exchange program concept.¹¹

⁶ These proposals may be found in section three of the Companies’ October 12 filing.

⁷ EO-2015-0240 and EO-2015-0241, Review, pages 47-48.

⁸ The study was conducted at the request of DE to determine progress towards compliance with standard energy efficiency requirements in building codes.

⁹ MEEA is finalizing a report on its study; DE can provide this report upon request once it is available.

¹⁰ EO-2015-0240 and EO-2015-0241, Review, page 14.

¹¹ *Ibid.*

7. 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 and tenants. For instance, many newly constructed buildings do not meet IECC 2009 criteria for duct leakage. At DE's request, MEEA provided a proposal for both Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri") and the Companies 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 \$180,000.¹² DE understands that MEEA has provided additional information to the Companies, in part regarding appropriate costs to include in cost-effectiveness modeling. The measure-level results from the survey are also now available; DE has provided these results to the Companies, as well as Ameren Missouri. 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.

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

8. 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. Energy efficiency projects can be through direct install, renovations, or a combination of the two with no prescriptive list of products or projects. Energy savings are verified by comparing energy usage prior to project initiation to energy usage after project completion, with a home audit taking place after project completion to ensure that project equipment are installed and used in the residence, taking place prior to any incentives being granted to the participant. During the research phase, the Companies stated that they already had similar programs in place, but those programs only provide rebates to customers when specific actions are taken in a prescriptive order. 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 were provided with clarification on the difference between the suggested program and the existing programs. Additionally, the Companies 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 Companies while increasing energy efficiency. DE suggests that to the extent this program is not deemed suitable for implementation in the current MEEIA cycle, the Companies should consider this approach and program for their third MEEIA cycles.

9. In working to fully realize the MEEIA goals, DE recommends that the Companies work to eventually implement all cost-effective programs, per the goal of Section 393.1075.4. RSMo. DE would request that the following list of programs be prioritized by the Companies for implementation in 2017 and 2018 (or for Cycle 3 portfolios, as appropriate):

a. **Benchmarking commercial and industrial customer usage** using the U.S. Environmental Protection Agency's ENERGY STAR® Portfolio Manager tool. To the extent this is already occurring in the Companies' service territories, DE suggests the Companies work with current and prospective participants on benchmarking.

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.

10. 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

11. 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 marketing and outreach approach.

12. An exterior lighting program would allow the Companies to achieve substantial energy savings 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.

13. 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 Companies already offer a low-income multifamily program, but this certainly does not directly

¹³ The concierge and low-income single family program proposals may be found in section three of the Companies’ October 12 filing.

¹⁴ EO-2015-0240 and EO-2015-0241, Review, page 31.

benefit single-family customers. Given the fact that low-income programs do not need to pass a cost-effectiveness test, DE urges the Companies to implement aggressive low-income single family programs under MEEIA.

14. DE looks forward to crafting specific program designs in association with the Companies and other stakeholders.

WHEREFORE, DE respectfully files its *Response to MEEIA 2017-2018 Collaborative Program Review– KCP&L Findings* for the Commission’s and stakeholders’ information and consideration.

Respectfully submitted,

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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