

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

North Shore Gas Company)
And The Peoples Gas Light and Coke Company) Docket No. 17-0309
)
Petition pursuant to Section 8-104 of the)
Public Utilities Act to Submit an Energy)
Efficiency Plan)

**DIRECT TESTIMONY OF
ROBERT L. GIBBS ON BEHALF OF
THE RETAIL ENERGY SUPPLY ASSOCIATION**

1 **I. BACKGROUND**

2 **Q. Please state your name and business address.**

3 A. My name is Robert L. Gibbs. My business address is 194 Wood Avenue South,
4 Iselin, New Jersey 08830.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am the Director - Corporate and Regulatory Affairs for Direct Energy Services,
7 LLC (“Direct Energy”).

8 **Q. Please describe Direct Energy.**

9 A. Direct Energy is one of the largest competitive retail providers of electricity,
10 natural gas and home services in North America, with nearly five million
11 customer relationships, multiple brand, and roughly 5,000 employees. Direct
12 Energy provides its residential and business customers with innovative tools,
13 technologies, and insights to manage their energy use. Direct Energy is a certified

14 Alternative Retail Electric Supplier and a certified Alternative Gas Supplier in
15 Illinois.

16 Direct Energy and its affiliated Connected Home division offer Hive
17 products in the direct to consumer market, as well as through partners such as
18 retail energy providers, which include Hive Active Thermostat, Hive Active Light
19 bulbs, and Hive Active Plug, and Hive Window and Door Sensors. With Hive,
20 customers can control their heating and cooling, lights, plugs and sensors through
21 a mobile application. In addition, Direct Energy has a family of brands, including
22 Mr. Sparky, which designs, installs, services and repairs electrical systems and
23 parts; Airtron, which offers HVAC solutions including new installations; and
24 One-Hour Heating and Air Conditioning, which offers installation, repair, and
25 maintenance for heating, ventilation and air conditioning systems. Direct Energy
26 also offers home energy audits, using customer data to perform analytics and offer
27 recommendations on how to reduce customers' overall energy consumption.

- 28 **Q. Please explain the job responsibilities and duties in your current position.**
- 29 A. In my current role as Director - Corporate and Regulatory Affairs for Direct
30 Energy, I am responsible for all advocacy and lobbying efforts at the legislative
31 and regulatory levels in matters and states assigned to me. I have testified
32 numerous times before several government agencies and bodies, including, but
33 not limited to, the Illinois Commerce Commission (the "Commission"), the New
34 Jersey Senate and General Assembly, the New Jersey Board of Public Utilities,
35 the New Jersey Department of Environmental Protection, and the United States
36 Department of the Interior, Bureau of Ocean Energy Management.

37 **Q. Please describe your educational background and relevant work experience**
38 **prior to joining Direct Energy.**

39 A. I am a licensed attorney with bar admissions in the State of New Jersey (1996)
40 and the Commonwealth of Pennsylvania (1997). I have over 18 years of
41 experience in the energy industry. I worked for over 15 years with various
42 subsidiaries of Public Service Enterprise Group (“PSEG”), including New
43 Jersey’s largest public utility, PSE&G. While at PSEG, I served in roles
44 including: Senior Attorney; Manager - State Government Affairs; Manager -
45 Corporate Properties; Manager - Development-Renewable Energy; and Manager -
46 Market Strategy and Planning.

47 **Q. In what proceedings did you testify before this Commission?**

48 A. I testified on behalf of the Illinois Competitive Energy Association in Ill. C. C.
49 Docket 12-0244, Ameren Illinois Company’s Petition for Approval of Smart Grid
50 Advanced Metering Infrastructure Deployment Plan. Also, on July 25, 2017, I
51 submitted Direct Testimony in Ill. C. C. Docket 17-0312, the Energy
52 Efficiency/Demand Response Plan of Commonwealth Edison Company. On
53 January 27, 2017, I submitted Direct Testimony in Ill. C. C. Docket 17-0311, the
54 Energy Efficiency/Demand Response Plan of Ameren Illinois Company, d/b/a
55 Ameren Illinois. On January 28, 2017, I submitted Direct Testimony in Ill. C. C.
56 Docket 17-0312, the Energy Efficiency Plan of Northern Illinois Gas Company
57 d/b/a Nicor Gas Company.

58 **Q. On whose behalf are you testifying today?**

59 A. I am testifying on behalf of the Retail Energy Supply Association (“RESA”).¹
60 RESA has filed a petition to intervene in this proceeding.

61 **Q. Please describe briefly the operations of RESA.**

62 A. RESA is a non-profit trade association of independent corporations that are
63 involved in the competitive supply of electricity and natural gas. RESA and its
64 members are actively involved in the development of retail and wholesale
65 competition in electricity and natural gas markets throughout the United States.
66 Some of the members of RESA have certificates from the Illinois Commerce
67 Commission (the “Commission”) under Section 19-110 of the Public Utilities Act
68 to operate as Alternative Gas Suppliers in the State of Illinois, including the
69 service territories of The Peoples Gas Light and Coke Company (“Peoples Gas”)
70 and North Shore Gas Company (“North Shore”) (collectively referred to as
71 “Peoples Gas/North Shore”), the Petitioners in this proceeding.

72 **Q. Please summarize your testimony.**

73 A. On June 30, 2017, Peoples Gas and North Shore filed their Energy Efficiency
74 Plans (the “Plans”) in this proceeding. RESA wants to clarify certain aspects of
75 the Plans. First, all rebates under the Plans should be brand and technology
76 neutral. Second, the process for all rebates under the Plans should be simplified
77 and stream-lined. Third, data obtained through energy audits should only be
78 utilized for program evaluation purposes.

¹ The comments expressed in this filing represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of more than twenty retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at www.resausa.org.

79 **Q. Please explain what you mean by all rebates under the Plans should be brand**
80 **and technology neutral.**

81 A. It is not clear from the Plans whether rebates would be limited based on the brand
82 of a product or the technology that the product uses. For example, it is not clear
83 what types of smart thermostats would be eligible for rebates in the Plans. If
84 Peoples Gas/North Shore Gas were to limit rebates for smart thermostats to those
85 only utilizing Wi-Fi technology, they would be disqualifying Direct Energy's
86 Hive smart thermostat product, which does not rely on Wi-Fi as its
87 communication protocol. With Hive, customers can control their heating and
88 cooling, lights, plugs and sensors through a mobile application. Direct Energy's
89 Hive smart thermostat product relies on Zigbee, which is a wireless technology
90 that is a simpler and less expensive communications protocol than Wi-Fi. Many
91 technologies can provide tangible energy or cost savings while others provide
92 valuable insight into a customer's usage and costs which may lead to tangible
93 actions that further reduce energy usage. Peoples Gas/North Shore's programs
94 should, with reasonable requirements for meeting the program specifications, be
95 open to brand neutral technologies that customers may wish to choose on the open
96 market.

97 To that end, Peoples Gas and North Shore should allow reasonable input into the
98 program specifications that would ensure the broadest possible spectrum of brand
99 neutral technologies to qualify for inclusion in the programs proposed by them.

100 With regard to technology selection for inclusion in the programs, RESA further
101 suggests that Peoples Gas and North Shore adopt, wherever possible and

102 appropriate, an application process whereby potential vendors, manufacturers, or
103 providers of energy efficiency measure technologies can be apprised of the
104 program specifications and apply for eligibility in whatever program(s) that
105 particular technology may be suited for (for example, smart thermostats for
106 residential, low-income or multi-family programs and energy measurement or
107 monitoring technologies for business programs). Such an application process
108 would allow Peoples Gas and North Shore and their program administrator(s) the
109 ability to verify a technologies' qualifications for inclusion in the program while
110 at the same time ensuring that their customers have the broadest spectrum of
111 products available to them to meet their and the state's energy efficiency goals.

112 **Q. Please explain your proposal regarding the simplification and stream-lining**
113 **of the rebate process.**

114 A. Rebates should be available at the point of sale or through a simplified application
115 process, for example, a tri-fold brochure which includes an application for the
116 rebate that would be submitted to the Peoples Gas/North Shore program
117 administrator, with payment going directly to the customer or the supplier of the
118 product for which the rebate is offered.

119 I recommend that Peoples Gas and North Shore utilize a rebate process similar to
120 that used by the New Jersey Board of Public Utilities

121 (see: [http://www.njcleanenergy.com/main/rebates-and-promotions/rebates-and-
122 promotions](http://www.njcleanenergy.com/main/rebates-and-promotions/rebates-and-
122 promotions)).

123 **Q. Can you explain how a rebate can be made available at the point of sale?**

124 A. Yes, by properly structuring the flow of energy efficiency rebates, they can be
125 made available to a customer at the point of sale. For example, a streamlined
126 rebate process would allow a third party to offer a discounted thermostat—and
127 instant rebate—to a customer. Then, after the point of sale and pursuant to
128 appropriate verification requirements, the third party would submit a rebate
129 request to the utility.

130 **Q. Why would a customer prefer an instant rebate?**

131 A. Many technologies, such as smart thermostats, have high upfront costs that a
132 customer may not want to incur even though the long-term benefit substantially
133 exceeds the upfront cost. Additionally, many customers may not want to go
134 through the administrative process and delay associated with submitting a
135 standard paper rebate form. Streamlining the process improves the customer
136 experience and increases the accessibility of energy efficient technologies to
137 customers within the service territories of Peoples Gas and North Shore.
138 However, a customer who chooses to buy the product and submit the application
139 with a receipt for the rebate directly to them or their program administrator and
140 receive the rebate directly should be able to do so.

141 **Q. Please explain RESA's concerns regarding the use of data obtained through**
142 **energy audits.**

143 A. RESA has no objection to Peoples Gas/North Shore's use of data obtained
144 through energy audits to perform program evaluation and analysis. However,
145 RESA is concerned about the use of data to perform analytics and offer
146 recommendations on how to reduce overall energy consumption. It would be

147 fundamentally unfair and place the retail electric market at a distinct disadvantage
148 if Peoples Gas and North Shore and their network of vendors, contractors, etc.
149 were the only ones who had access to that data. It would simply undercut the
150 retail electric market and those who provide energy efficiency services and
151 products who do not have access to such data. These services are already
152 available through the private market. For example, Direct Energy offers home
153 energy audits, using customer data to perform analytics and offer
154 recommendations on how to reduce overall energy consumption. Nicor Gas
155 should not be permitted to capture customer data that is available in its role as a
156 public utility and use it to provide value-added services to customers that are
157 more appropriately offered in the competitive market.

158 Because Peoples Gas and North Shore would be offering these services at no cost
159 to customers, using ratepayer-funded subsidies, the value of these services in the
160 market would be minimized. To the extent that other entities, including Direct
161 Energy, would attempt to offer these services as a value-added product to other
162 products or to sell these services to customers, Peoples Gas/North Shore's use of
163 data obtained through energy audits to offer similar services would adversely
164 affect those efforts. The Commission should not permit Peoples Gas and North
165 Shore to use ratepayer funds to skew the private market for data analytics
166 services.

167 Alternatively, data obtained through energy audits could be made available to
168 other interested parties. This does not appear to be a feature of the Plans. In
169 RESA's opinion, a variety of options for energy efficiency products is as valuable

170 as a variety of options for electric and gas supply. The Commission has
171 acknowledged the importance of access to data and that data access leads to better
172 products, most recently in its Order, dated July 26, 2017, in Ill. C. C. Docket 14-
173 0507, the proceeding resulting from the Petition of the Citizens Utility Board and
174 the Environmental Fund to adopt the Illinois Open Data Access Framework.
175 At a minimum, the Commission should prohibit Peoples Gas and North Shore
176 from providing data obtained through energy audits to any affiliate or preferred
177 vendor unrelated to this filing in order for that affiliate or preferred vendor
178 unrelated to this filing to provide data analytics and/or energy conservation
179 products.

180 **Q. Does this conclude your direct testimony?**

181 A. Yes, it does.

NOTICE OF FILING

Please take note that on August 1, 2017, I caused to be filed via e-docket with the Chief Clerk of the Illinois Commerce Commission, the attached Direct Testimony of Robert L Gibbs on behalf of the Retail Energy Supply Association in this proceeding.

/s/GERARD T. FOX
Gerard T. Fox

CERTIFICATE OF SERVICE

I, Gerard T. Fox, certify that I caused to be served copies of the foregoing Direct Testimony of Robert L. Gibbs on behalf of the Retail Energy Supply Association upon the parties on the service list maintained on the Illinois Commerce Commission's eDocket system for Ill. C. C. Docket 17-0309 via electronic delivery on August 1, 2017.

/s/ GERARD T. FOX
Gerard T. Fox