

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Northern Illinois Gas Company)	
d/b/a Nicor Gas Company)	Docket No. 17-0310
)	
Application pursuant to Section 8-104 of the)	
Public Utilities Act for Consent to and)	
Approval of 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, 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.

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

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

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.

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

60 A. RESA is a non-profit trade association of independent corporations that are
61 involved in the competitive supply of electricity and natural gas. RESA and its
62 members are actively involved in the development of retail and wholesale
63 competition in electricity and natural gas markets throughout the United States.
64 Some of the members of RESA have certificates from the Commission under
65 Section 19-110 of the Public Utilities Act to operate as Alternative Gas Suppliers
66 in the State of Illinois, including the service territory of Northern Illinois Gas
67 Company, d/b/a Nicor Gas Company (“Nicor Gas”), the Petitioner in this
68 proceeding.

69 **Q. Please summarize your testimony.**

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

76 **Q. Please explain what you mean by all rebates under the Plan should be brand
77 and technology neutral.**

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.

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

93 To that end, Nicor Gas should allow reasonable input into the program
94 specifications that would ensure the broadest possible spectrum of brand neutral
95 technologies to qualify for inclusion in the programs proposed by Nicor Gas.

96 With regard to technology selection for inclusion in the programs, RESA further
97 suggests that Nicor Gas adopt, wherever possible and appropriate, an application
98 process whereby potential vendors, manufacturers, or providers of energy
99 efficiency measure technologies can be apprised of the program specifications and
100 apply for eligibility in whatever program(s) that particular technology may be

101 suited for (for example, smart thermostats for residential, low-income or multi-
102 family programs and energy measurement or monitoring technologies for
103 business programs). Such an application process would allow Nicor Gas and its
104 program administrator(s) the ability to verify a technologies' qualifications for
105 inclusion in the program while at the same time ensuring Nicor Gas' customers
106 have the broadest spectrum of products available to them to meet their and the
107 state's energy efficiency goals.

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

110 A. Rebates should be available at the point of sale or through a simplified application
111 process, for example, a tri-fold brochure which includes an application for the
112 rebate that would be submitted to Nicor Gas' program administrator, with
113 payment going directly to the customer or the supplier of the product for which
114 the rebate is offered.

115 I recommend that Nicor Gas utilize a rebate process similar to that used by the
116 New Jersey Board of Public Utilities
117 (see: [http://www.njcleanenergy.com/main/rebates-and-promotions/rebates-and-
118 promotions](http://www.njcleanenergy.com/main/rebates-and-promotions/rebates-and-
118 promotions)).

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

120 A. Yes, by properly structuring the flow of energy efficiency rebates, they can be
121 made available to a customer at the point of sale. For example, a streamlined
122 rebate process would allow a third party to offer a discounted thermostat—and
123 instant rebate—to a customer. Then, after the point of sale and pursuant to

124 appropriate verification requirements, the third party would submit a rebate
125 request to the utility.

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

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

137 **Q. Pages 33-34 of Nicor Gas'Plan (Nicor Gas Ex. 1.1) explain a change in the**
138 **method by which customers will receive their rebates. Is that method**
139 **satisfactory to RESA?**

140 A. No, by limiting customers to only being able to get the instant rebate by going to a
141 "Circle Partner", Nicor Gas is choosing the only way a residential customer can
142 participate in these programs, mainly through the utility. While it may be
143 acceptable for a utility to maintain a network of providers who can offer
144 customers different services and products, it should not be the only way a
145 customer should be able to choose energy efficiency products.

146 **Q. Please explain RESA’s concerns regarding the use of data obtained through**
147 **energy audits.**

148 A. RESA has no objection to Nicor Gas’ use of data obtained through energy audits
149 to perform program evaluation and analysis. However, RESA is concerned about
150 the use of data to perform analytics and offer recommendations on how to reduce
151 overall energy consumption. It would be fundamentally unfair and place the retail
152 electric market at a distinct disadvantage if Nicor Gas and its network of vendors,
153 contractors, etc. were the only ones who had access to that data. It would simply
154 undercut the retail electric market and those who provide energy efficiency
155 services and products who do not have access to such data. These services are
156 already available through the private market. For example, Direct Energy offers
157 home energy audits, using customer data to perform analytics and offer
158 recommendations on how to reduce overall energy consumption. Nicor Gas
159 should not be permitted to capture customer data that is available in its role as a
160 public utility and use it to provide value-added services to customers that are
161 more appropriately offered in the competitive market.

162 Because Nicor Gas would be offering these services at no cost to customers, using
163 ratepayer-funded subsidies, the value of these services in the market would be
164 minimized. To the extent that other entities, including Direct Energy, would
165 attempt to offer these services as a value-added product to other products or to sell
166 these services to customers, Nicor Gas’ use of data obtained through energy
167 audits to offer similar services would adversely affect those efforts. The

168 Commission should not permit Nicor Gas to use ratepayer funds to skew the
169 private market for data analytics services.

170 Alternatively, data obtained through energy audits could be made available to
171 other interested parties. This does not appear to be a feature of the Plan. In
172 RESA's opinion, a variety of options for energy efficiency products is as valuable
173 as a variety of options for electric and gas supply. The Commission has
174 acknowledged the importance of access to data and that data access leads to better
175 products, most recently in its Order, dated July 26, 2017, in Ill. C. C. Docket 14-
176 0507, the proceeding resulting from the Petition of the Citizens Utility Board and
177 the Environmental Fund to adopt the Illinois Open Data Access Framework.

178 At a minimum, the Commission should prohibit Nicor Gas from providing data
179 obtained through energy audits to any affiliate or preferred vendor unrelated to
180 this filing in order for that affiliate or preferred vendor unrelated to this filing to
181 provide data analytics and/or energy conservation products.

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

183 A. Yes, it does.

NOTICE OF FILING

Please take note that on July 28, 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 Teresa Ringenbach 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 17-0310 via electronic delivery on July 28, 2017.

/s/ GERARD T. FOX
Gerard T. Fox