

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Ameren Illinois Company)
d/b/a Ameren Illinois) Docket No. 17-0311
)
Approval of the Energy Efficiency and)
Demand Response Plan Pursuant to 220)
ILCS 5/8-103B and 220 ILCS 5/8-104)

**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 (“ARES”) and a certified Alternative Gas
15 Supplier in 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.

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

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

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

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.

57 A. RESA is a non-profit trade association of independent corporations that are
58 involved in the competitive supply of electricity and natural gas. RESA and its
59 members are actively involved in the development of retail and wholesale
60 competition in electricity and natural gas markets throughout the United States.
61 Some of the members of RESA have certificates from the Illinois Commerce
62 Commission (the “Commission”) under Section 16-115 of the Public Utilities Act
63 to operate as ARES in the State of Illinois, including the service territory of
64 Ameren Illinois Company d/b/a Ameren Illinois (“Ameren”), the Petitioner in this
65 proceeding. In addition, some members of RESA operate as gas suppliers in
66 Ameren’s service territory.

67 **Q. Please summarize your testimony.**

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

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

76 A. It is not clear from the Plan whether rebates would be limited based on the brand
77 of a product or the technology that the product uses. For example, it is not clear
78 what types of smart thermostats would be eligible for rebates in Ameren’s Plan.
79 If Ameren were to limit rebates for smart thermostats to those only utilizing Wi-Fi

80 technology, it would be disqualifying Direct Energy's Hive smart thermostat
81 product, which does not rely on Wi-Fi as its communication protocol. With Hive,
82 customers can control their heating and cooling, lights, plugs and sensors through
83 a mobile application. Direct Energy's Hive smart thermostat product relies on
84 Zigbee, which is a wireless technology that is a simpler and less expensive
85 communications protocol than Wi-Fi. Many technologies can provide tangible
86 energy or cost savings while others provide valuable insight into a customer's
87 usage and costs which may lead to tangible actions that further reduce energy
88 usage. Ameren's programs should, with reasonable requirements for meeting the
89 program specifications, be open to brand neutral technologies that customers may
90 wish to choose on the open market.

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

94 With regard to technology selection for inclusion in the programs, RESA further
95 suggests that Ameren adopt, wherever possible and appropriate, an application
96 process whereby potential vendors, manufacturers, or providers of energy
97 efficiency measure technologies can be apprised of the program specifications and
98 apply for eligibility in whatever program(s) that particular technology may be
99 suited for (for example, smart thermostats for residential, low-income or multi-
100 family programs and energy measurement or monitoring technologies for
101 business programs). Such an application process would allow Ameren and its
102 program administrator(s) the ability to verify a technology's qualifications for

103 inclusion in the program while at the same time ensuring Ameren’s customers
104 have the broadest spectrum of products available to them to meet their and the
105 state’s energy efficiency goals.

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

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

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

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

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

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

124 A. Many technologies, such as smart thermostats, have high upfront costs that a
125 customer may not want to incur even though the long-term benefit substantially

126 exceeds the upfront cost. Additionally, many customers may not want to go
127 through the administrative process and delay associated with submitting a
128 standard paper rebate form. Streamlining the process improves the customer
129 experience and increases the accessibility of energy efficient technologies to
130 customers within Ameren’s service territory. However, a customer who chooses
131 to buy the product and submit the application with a receipt for the rebate directly
132 to Ameren or its program administrator and receive the rebate directly should be
133 able to do so.

134 **Q. Page 11 of Appendix H to Ameren’s Plan states that the “Retail Products**
135 **Initiative offers instant discounts and/or mail-in cash back rebates through**
136 **retail stores and eCommerce websites” on certain energy efficiency products.**
137 **Is that satisfactory to RESA?**

138 A. Possibly. That would be satisfactory as long as customers who opt for the instant
139 rebate know that the rebate will be sent to the vendor in appropriate circumstances
140 and provide the authority for the rebate to be sent to the vendor in those
141 circumstances.

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

144 A. RESA has no objection to Ameren’s use of data obtained through energy audits to
145 perform program evaluation and analysis. However, RESA is concerned about
146 the use of data to perform analytics and offer recommendations on how to reduce
147 overall energy consumption. This is particularly the case given Ameren has
148 indicated that its marketing team might use data collected through AMI

149 infrastructure “to work with program management to target specific geographic
150 areas or customer sectors. This ability to discover and market to a specific
151 customer base of great need could be particularly beneficial . . .”. (Ameren Ex.
152 1.1, p. 10) It would be fundamentally unfair and place the retail electric market at
153 a distinct disadvantage if Ameren and its network of vendors, contractors, etc.
154 were the only ones who had access to that data. It would simply undercut the
155 retail electric market and those who provide energy efficiency services and
156 products who do not have access to such data. These services are already
157 available through the private market. For example, Direct Energy offers home
158 energy audits, using customer data to perform analytics and offer
159 recommendations on how to reduce overall energy consumption. Ameren should
160 not be permitted to capture customer data that is available in its role as a public
161 utility and use it to provide value-added services to customers that are more
162 appropriately offered in the competitive market.

163 Because Ameren would be offering these services at no cost to customers, using
164 ratepayer-funded subsidies, the value of these services in the market would be
165 minimized. To the extent that other entities, including Direct Energy, would
166 attempt to offer these services as a value-added product to other products or to sell
167 these services to customers, Ameren’s use of data obtained through energy audits
168 to offer similar services would adversely affect those efforts. The Commission
169 should not permit Ameren to use ratepayer funds to skew the private market for
170 data analytics services.

171 Alternatively, data obtained through energy audits could be made available to
172 other interested parties. This does not appear to be a feature of Ameren’s Plan.
173 On the contrary, Ameren expresses concern that there are other companies
174 offering energy efficiency products in its service territory: “Customers and
175 program allies in Ameren service territory have been plagued with multiple
176 energy efficiency vendors over the past five years”. (Id., p. 19) In RESA’s
177 opinion, a variety of options for energy efficiency products is as valuable as a
178 variety of options for electric and gas supply.

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

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

184 A. Yes, it does.

NOTICE OF FILING

Please take note that on July 27, 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 17-0311 via electronic delivery on July 27, 2017.

/s/ GERARD T. FOX
Gerard T. Fox