

Direct Testimony

Of

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**Policy Program
Energy Division
Illinois Commerce Commission**

Investigation into Program Year 2 Savings Goals

Ameren Illinois Company d/b/a Ameren Illinois

Docket Nos. 10-0519

September 20, 2011

1 **I. Witness Qualifications**

2 **Q. Please state your name, job title and business address.**

3 A. My name is David Brightwell. I am an Economic Analyst in the Policy Program of
4 the Energy Division of the Illinois Commerce Commission (“Commission”). My
5 business address is 527 East Capitol Avenue, Springfield, Illinois 62701.

6 **Q. Please describe your educational background.**

7 A. I received a Ph.D. in economics from Texas A&M University in 2008. My major
8 fields of study were industrial organization and labor economics, and my minor field
9 was econometrics. I received a bachelor’s degree in political science in 1992 and a
10 master’s degree in applied economics in 2002, both from Illinois State University.

11 **Q. Please describe your work background.**

12 A. I have been employed as an Economic Analyst with the Commission since June
13 2008. I have focused on energy efficiency and smart grid related issues at the
14 Commission. From 2002-2008, I attended Texas A&M University, where I served
15 as a teaching assistant or an instructor for various courses. From 2000-2002, I
16 served as a graduate assistant for David Loomis at Illinois State University.

17 **Q. Have you previously testified before the Commission?**

18 A. Yes. I have.

19 **II. Testimony**

20 **Q. What is the purpose of your testimony?**

21 A. On August 30, 2010, the Commission initiated an investigation into whether
22 Ameren met the Year 2 savings requirements set forth in 220 ILCS 5/8-103(b) of

23 the Public Utilities Act (“PUA”). Program Year (“PY”) 2 commenced on June 1,
24 2009 and concluded May 31, 2010. The investigation was conducted as a
25 requirement of Subsection 8-103(i) of the PUA, which would require Ameren to
26 make a payment of \$335,000 into the Low-Income Home Energy Assistance
27 Program if the savings standards are not met. I have reviewed the results of the
28 independent evaluators who estimated the savings due to Ameren’s programs and
29 can provide no evidence that Ameren did not meet its goals. Based on the
30 independent evaluations, it appears that Ameren reached its savings goals in PY 2.
31 It also appears that Ameren exceeded its portion of the energy savings goals by
32 more than 10%. The Final Order in Docket 07-0539 allows Ameren to bank up to
33 10% of the Acts target savings in any program year (dated February 6, 2008, pp.
34 29). Therefore, Ameren should be allowed to bank the 16,890 MWH of savings
35 proposed by Mr. Woolcutt (Ameren Ex. 1.0, pp. 3).

36 **Q. What was the total program savings for PY 2?**

37 A. It is unclear to Staff at this time what the total savings are. There is a slight
38 discrepancy between the amount that Mr. Woolcutt reports as the savings and the
39 amount that the independent evaluators report as the savings, based upon
40 Cadmus’ responses to data requests. Mr. Woolcutt testified that the combined
41 savings of the residential and business programs was 129,770 MWH as reported
42 by Cadmus and Opinion Dynamics. Within that portion of his testimony, he also
43 indicated that Cadmus reported 59,450 MWH of savings from residential programs
44 and Opinion Dynamics reported 70, 320 MWH from commercial programs (Ameren

45 Ex. 1.0, p. 6). Mr. Woolcutt's reported savings for the residential program differ
46 slightly from the 59432.4 MWH savings reported by Cadmus in response to Staff
47 DR JLH 2.04 (See Cadmus Response JLH 2.04 Update for Addendum #3.xlsx).

48 **Q. Has Ameren met its savings goals, this difference notwithstanding?**

49 A. It has. The difference between the savings Mr. Woolcutt reports and the savings
50 that Cadmus reports also has no affect on whether Ameren reached the 10%
51 banking limit.

52 **Q. Please describe your review of the evaluations?**

53 A. I reviewed the methodologies for evaluating the savings for the largest programs,
54 such as lighting, to determine whether those methodologies seemed reasonable. I
55 did not examine whether alternative methodologies would yield different results or
56 attempt to determine whether a different methodology would have been preferable
57 to the methods employed by the independent evaluators.

58 **Q. Is there additional information that you would like to provide the**
59 **Commission?**

60 A. Yes. Although I do not dispute that Ameren reached its savings levels, I am
61 concerned about a proposal made by Ameren. Mr. Woolcutt indicated that the
62 Cadmus Group (one of the independent evaluators) estimated Net-to-Gross ratios¹

¹ NTGRs measure the percentage of gross savings that are the result of the program. For example an NTGR of 0.75 would indicate that net savings are 75% of gross savings. Estimating NTGRs is necessary because some program incentives are used by customers who would have purchased an energy efficient measure without the incentives. As such, the program did not provide any incremental savings, as 8-104(b) requires, for these customers. Alternatively, other customers learn about measures and install them because of the program but do not receive incentives for purchases that are made. These

63 (“NTGR”s) for two programs with secondary data sources rather than with data
64 obtained from within the Ameren service territory. He recommended that the
65 Commission assume the NTGRs used by Ameren as part of its Plan filing in Docket
66 No. 07-0539 rather than the NTGRs assumed by Cadmus (Ameren Ex. 1.0, pp. 6-
67 7). If the Commission accepts Mr. Woolcutt’s recommendation, the net savings
68 attributed to Ameren’s Programs will increase by about 3,958 MWH². However, it
69 will not effect whether Ameren met its savings goals in PY 2. It can only affect the
70 amount of energy savings that can be banked for use in future Program Years.
71 This only becomes relevant if the Commission approves Mr. Woolcutt’s request that
72 Ameren be allowed to bank savings in excess of 10% in the future if the
73 Commission increases the banking limits (Ameren Ex. 1.0, p. 11).

74 **Q. What are your concerns?**

75 A. Staff’s position is that the results reported by the independent evaluators are only
76 one piece of evidence presented in any energy savings investigation docket. Any
77 party that wants to provide supplemental or contradictory evidence should be
78 allowed to do so and the Commission should determine the savings based upon
79 the weight that it gives to any evidence. Based on Cadmus’ responses to Staff DRs
80 DAB 2.01 and DAB 2.02, it appears that Cadmus estimated its NTGR values by

customers are not easily observable as they had no direct contact with the program but their savings are incremental to the EE Program’s efforts.

² According to Mr. Woolcutt’s testimony the lower NTGR reduced savings from 10,489 MWH to 6631 MWH for the Heating and Air Conditioning Program (Ameren Ex. 1.0, p. 6). The difference is 3858 MWH. Mr. Woolcutt later testifies that the difference in NTGRs for the Home Energy Performance Program resulted in at least an additional 100 MWH reduction in net savings. The combined total of the reduced savings that Mr. Woolcutt alleges are at least 3958 MWH.

81 reviewing evaluation results of similar programs while Ameren used a 0.8 NTGR as
82 a default value for most if not all of the programs in the Plan it filed in Docket 07-
83 0539 (Exhibit 1.1). I cannot attest to the accuracy of the NTGR values assumed by
84 either Ameren or Cadmus but it appears that Cadmus used more rigor when
85 attempting to determine the savings from the two programs in question. If Ameren
86 cannot provide better support for NTGR values of 0.80 that it assumed for these
87 programs, I recommend that the Commission use Cadmus' estimated NTGR
88 values.

89 **Q. Do you have additional concerns?**

90 A. Yes. I am concerned with the proposition of allowing utilities to bank savings in
91 excess of 10% at a later date. As I understand the portion of the Order that allowed
92 banking, the Commission permitted Ameren to bank 10% of savings, in a manner
93 consistent with its treatment of ComEd. The Commission noted that Ameren
94 provided "scant evidence on this [the banking] issue" (Final Order, Docket 07-0539,
95 dated February 6, 2008, pp. 29).

96 In ComEd's first plan Order, the Commission indicated that the statute did not allow
97 carrying over savings but that a *de minimus* amount of excess savings had to be
98 foreseen by the General Assembly. Therefore ComEd would be allowed to carry
99 over up to 10% of the savings target from a Plan Year (Final Order, Docket 07-
100 0540, dated February 6, 2008, pp. 40-41). It would appear that either a change in
101 the law or a change in the Commission's interpretation of the law would be
102 necessary for additional savings to be banked. I recommend that the Commission

103 defer judgment on banking excess savings until one of those changes occurs. It is
104 premature at this time to know what event(s) would cause a change in banking
105 limits and therefore to know how to handle excess savings that occurred prior to
106 such a change.

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

108 **A. Yes.**