



Missouri Energy Stakeholder Process:
Energy-Efficiency Meeting, October 25, 2011

*Convened by the Missouri Department of Natural Resources
at the Department of Natural Resources, Division of Geology & Land Survey
111 Fairgrounds Road, Rolla, MO 65401*

Meeting Summary

Participants

Stakeholders

Glenda Abney	Emily Andrews	Jeff Arnold	Ralph Bicknese
Guy Black	Joe Boland	Trey Davis	Allen Dennis
Joe Gillman	Rick Holmes	Russ Hopper	Bob Housh
David Klindt	Roger Kroh	Dan Laurent	Arletha Manlove
Karen Massey	Leonard R. Matheny	Stacy Paradis	Bonnie Prigge
Jim Presswood	Angela Rolufs	Henry Robertson	Tom Schultz
Ed Smith	Mike Stachowski	Tony Stafford	Brent Stewart
Jim Travis	Cherlyn Voss	Warren Wood	

M DNR

Llona Weiss	Brenda Wilbers	Mary Ann Young	Joann Russel
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Cadmus Team

Amy Ellsworth	Adam Saslow	Michele Wynne
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Welcoming Remarks

Llona Weiss, Director, Missouri Department of Natural Resources/Division of Energy

Ms. Weiss opened the meeting at 10:01a.m. and welcomed all advisors, subject matter experts (SMEs)/stakeholder participants, and observers. After presenting the mission and organization of the Missouri Department of Natural Resources (MO DNR) Division of Energy (DE), she provided background information on energy efficiency in Missouri and on the DE's activities. The following is a summary of the information Ms. Weiss provided. (The presentation has been sent to participants in a separate e-mail.)

The MO DNR DE is a non-regulatory entity that works to protect the environment and to stimulate the economy through energy efficiency and renewable energy resources and technologies. The DE encourages the use of energy-efficient practices and technologies, provides technical and financial assistance for energy, participates in certain cases brought before the Public Services Commission, and deploys energy-efficiency programs through American Reinvestment and Recovery Act (ARRA) funding.

The ARRA programs add approximately \$235 million to the DE budget. ARRA monies fund weatherization, state energy programs, block grants, and ENERGY STAR[®] appliance programs. Post ARRA (after March 31, 2012), it will be necessary for the DE to reduce its staff to 35 full-time equivalent (FTE) positions, including the public information coordinator and special assistant professional positions.

Energy-efficiency activities not funded through ARRA include these: school and government energy-efficiency loans, building operator certification, certification of home energy auditors, energy-efficiency programs in state government facilities, state fleet efficiency and the alternative fuel program, industrial energy-efficiency assessments, and the assessment center at the University of Missouri (which assists with energy audits).

Introductions

All participants introduced themselves, identified their role in this dialogue (advisor or SME), and shared their energy credentials. Each person identified one key role they hope the DE might play in the coming year or two. The key roles suggested by the advisors and SMEs included:

- Recognizing energy-efficiency technologies at industrial facilities;
- Making energy efficiency as cost-effective as practicable for all utility customers;
- Funding energy-efficiency programs for communities;
- Educating the public on the benefits and importance of energy efficiency—that energy efficiency should be an acceptable, sustainable and a market-based way of doing business;
- Impacting energy-efficiency through a regulatory and collaborative environment;
- Setting a “crazy big goal” for energy efficiency in Missouri;
- Providing energy-efficiency training (e.g., contractor information for customers and a statewide recycling for appliances program);
- Developing a better understanding of issues among stakeholder groups;
- Aligning energy-efficiency interests of customers and utilities;
- Establishing a clearinghouse for unbiased, accurate energy-efficiency information;
- Convening adult and professional conversations concerning energy-efficiency policy in the state;
- Facilitating long-term funding, education, and collaboration toward state energy goals;

- Conducting research on best practice regulatory approaches to energy efficiency in other states;
- Providing education and outreach;
- Promoting more stringent energy-efficient building codes;
- Providing energy-efficiency education and a sustainable funding source;
- Being an active player in the implementation of the Energy-Efficiency Investment Act;
- Setting an energy-efficiency goal;
- Facilitating greater awareness of energy efficiency through public education and expanded partnerships and procuring alternative funding with local government involvement;
- Supporting getting the right framework in place for utilities to do more energy efficiency and get long-term solutions in place;
- Advocating in the state legislature for doable statewide energy policies that: (1) establish goals and targets and (2) provide specific plans to achieve those goals;
- Providing leadership on energy efficiency; and
- Closing gaps on energy-efficiency regulatory processes, programs, and funding.

Orientation to the Dialogue

Adam R. Saslow, Senior Facilitator, RESOLVE

Mr. Saslow discussed the following topics.

The Path to Rolla

The DE engaged Cadmus to convene a stakeholder process to identify issues and priorities in Missouri's energy future and the DE's role in Missouri's energy future. In cooperation with DE, Cadmus identified Missouri stakeholders who had either a broad, general knowledge of energy issues (advisors to the process) or expertise in energy efficiency (subject matter experts within the process). The selected stakeholders were invited to Rolla to discuss the issues and move toward a consensus on energy-efficiency priorities in Missouri and the DE's role in improving energy efficiency in the state. Additional stakeholder meetings were planned for October 27, 2011 in St. Louis on Traditional Energy Sources, November 10, 2011 in Kansas City on Renewable Energy Resources and a final public participation meeting was held in Columbia on November 14, 2011.

Code of Conduct

Mr. Saslow introduced the code of conduct and the ground rules for the stakeholder process. The code defines the culture, tenor, and cadence adopted for the duration of the process. It is designed to ensure a safe environment and a productive and progressive discussion.

The facilitators agreed to focus on identifying critical issues and the tasks that MO DNR might complete in order to (1) move these issues forward in the months and years ahead and (2)

accurately characterize that information/perspective as representing all, most, some, or none of the stakeholders.

The Charge

The stakeholder process will strive to elicit meaningful discussion on complex energy issues, trends, opportunities, and challenges for the state of Missouri and the DNR and the DE. As instructed by the director of MO DNR:

The stakeholder process will strive to elicit meaningful discussion on complex energy issues, trends, opportunities and challenges for the State of Missouri and the Department of Natural Resources and its Division of Energy.

Participants in the energy stakeholder process will work together with our project facilitator (The Cadmus Group) to build consensus on what critical energy issues face Missouri today and in the near future. Together, we will identify and prioritize key implementable recommendations for where the Division of Energy should focus its efforts and expend its resources, post American Recovery and Reinvestment Act of 2009 (ARRA). The results of the stakeholder process will be used to develop an agenda for action for the Division of Energy and go on to inform the division's strategic planning, budget planning and resource allocation decisions.

Agenda

The agenda outlined four goals for the stakeholder meeting:

- Develop a collaborative culture for dialogue,
- Identify critical issues for the State of Missouri as they relate to energy efficiency,
- Discuss the possible role the DE might play in addressing these issues, and
- Prioritize activities and define short, medium, and long-term objectives and outcomes for the DE.

Decision Rules

Mr. Saslow noted that the meeting was a gathering of stakeholders. It was not a consensus-based process of any kind; it was not a state advisory group; and it was not anything that has a formal title or responsibility. It was a conversation between people on various sides of the issue.

General Context: Energy and Energy Constructs BEYOND the MO Border

Amy Ellsworth, Senior Associate, The Cadmus Group, Inc.

Amy Ellsworth introduced the four goals for this process as delineated by the MO DNR and summarized where the state of Missouri stands. The goals are:

- **Maintain competitive costs for Missourians.** Missouri has the ninth lowest electric cost per kWh in the United States; however buildings in Missouri consume energy at one of the highest rates per capita.

- **Promote cleaner, greener economy that includes more renewable energy.** Missouri has a renewable electricity mandate of 15% by 2021 (a portion must be from solar), but presently derives only 0.3% of retail electricity sales from solar. There is significant biomass potential in the north and southeast areas of the state, wind potential in the northwest, and solar potential throughout the state.
- **Provide strategies to achieve all cost-effective efficiency savings.** Missouri ranks 44th in energy efficiency, according to the American Council for an Energy Efficient Economy's 2011 Energy Efficiency Scorecard. There is potential for energy efficiency to meet 17% of Missouri's electricity demand and 13% of Missouri's natural gas needs by 2025. This would save consumers \$6.1 billion in energy bill costs and create 8,500 new local jobs.
- **Achieve greater energy security through energy choices.** The state is largely coal-dependent for electricity generation. It also lacks significant renewable resources and is experiencing demand growth. These factors represent risks to energy security in the state.

Examples of state energy efforts beyond Missouri include creating green building certifications, workforce training, demonstration projects, revolving loan funds, information clearinghouse, technical assistance, tax incentives, and advocacy for collaborative partnerships.

General Discussion: Major Energy-Efficiency Issues and Challenges Facing Missouri in the Short Term (next year or two) and Long Term (next five years)

Mr. Saslow led a discussion that focused on Missouri's energy-efficiency future. The stakeholders were asked to identify the main issues preventing the state from achieving energy efficiency, the specific activities the state should be doing in the area of energy efficiency, and the role the DE should play in implementing the recommended activities.

Stakeholders discussed issues related to lack of alignment of utility and customer interests and political gridlock with regard to implementing well-designed energy policy in the state.

Suggestions included:

- Providing education on energy-efficiency technologies and programs;
- Working with BCAP to promote the benefits of adopting energy-efficiency codes to local governments or seeking adoption of mandatory energy-efficiency codes for buildings;
- Supporting collaboration with utilities, policymakers, and developers;
- Promoting decoupling;
- Conducting non-political, objective research and analysis to identify energy efficiency solutions that could enable the legislation and regulatory actions that would best serve Missouri citizens and align with utility needs; and
- Building consensus among stakeholders.

The conversation coalesced around the need for an "adult conversation" on Missouri energy issues that could lead to consensus around a policy and implementation approach to increase energy efficiency in Missouri. The participants determined such a discussion was necessary but

that the stakeholder meeting process was not the correct forum for defining the content of the process or carrying out the discussion. A consensus of those present agreed that the DE should ask the governor to empower the division to convene a conversation on energy policy. The consensus also agreed the DE was not responsible for implementing the outcome of that conversation.

What More Could MO DNR Be Doing (If Anything, and Specifically)

Mr. Saslow asked the stakeholders to identify specific activities the DE should be doing related to energy efficiency in Missouri. A range of suggestions were put forth, including these:

- ***Outreach and Education.*** Provide unbiased information and outreach on energy-efficiency programs and emerging technologies; develop case studies of best practice programs in Missouri and elsewhere.
- ***Regulatory/policy.*** Expand discussions on statewide energy policy and evaluate best practice legislative activity in other states.
- ***Building Codes.*** Facilitate cooperative, proactive dialogue to build consensus on mandatory state energy building codes or, alternatively, building guidelines; continue to work with the Building Codes Assistance Project and provide benefits/costs information to local governments regarding adoption of codes; educate the public on advanced building techniques and benefits.
- ***Advocacy.*** Advocate on filings before the PSC for an effective energy policy that aligns consumer and utility interests and includes: (1) cost recovery; (2) lost margin recovery; and (3) incentives to support utility energy-efficiency programs.
- ***Conversation/Collaboration.*** Develop broad, sustainable buy-in to the DE programs, and promote collaboration among parties to identify opportunities for partnerships and to implement energy efficiency.
- ***Finance.*** Identify and leverage sustainable funding sources for energy-efficiency programs

The conversation led to an in-depth discussion as to whether some ideas put forth were within the jurisdiction of a different agency. The question came down to this: “Who in Missouri’s government was responsible for what aspects of policy and regulation related to energy?”

The stakeholders identified the need to clarify the responsibilities of each Missouri agency, how the various agencies interact, and whether there are overlaps or gaps in responsibilities. A majority of the stakeholders agreed that the DE should lead this effort.

General Discussion of Strategic Priorities in Energy Efficiency

The DE as a Clearinghouse

The stakeholders overwhelmingly approved of the DE’s acting as a clearinghouse of energy-efficiency information. The stakeholders suggested a range of information, such as: emerging technologies, fuel costs, case studies, financing, jobs, training programs, resources on incentives

and financing, cost-effectiveness of projects and technologies, government programs, policy information and updates, environmental benefits of efficiency, and information on the energy-efficiency levels of public buildings.

Several stakeholders wanted the clearinghouse to be a repository of information to support a statewide energy policy and to include goals, measurement of progress, best practices in terms of reaching goals, and the impact of goals.

Stakeholders voiced concern about the accuracy and unbiased nature of the information, suggesting that the information be analyzed by the DE or created internally. A majority of the stakeholders considered the DE to be both objective and unbiased and felt it should continue to provide an analysis of energy-efficiency information. A majority of stakeholders wanted the DE to vet non-governmental information.

Outreach and Education

After agreeing that outreach is an important activity for the DE, the stakeholders discussed which populations were the least served and should be the focus of the DE's initial efforts. They identified small business, residential, and low-income sectors as the least served and the initial targets for outreach.

Branding

The stakeholders discussed whether the DE should undertake an energy-efficiency branding effort and presented several options:

- Create a central message for all energy-efficiency activities in Missouri (similar to “Breast Cancer Awareness Month”) and be the central source for information on local and utility programs; and
- Develop a statewide unified program that sets out specific program guidelines. (The MODOT Arrive Alive program was cited as a successful model.)

The stakeholder interest in branding was limited; however, there was consensus on messaging.

Building Codes

Stakeholders agreed that having examples of energy-efficient building practices would be valuable; however, they did not agree on whether these practices should be in the form of template ordinance, guidelines, or mandates. The stakeholders agreed that the DE should continue its work with BCAP (Building Codes Assistance Project) and disseminate information on building energy standards and best practices. No consensus was reached on whether the DE should act as a clearinghouse, develop guidelines, or convene a discussion on future activities.

State Energy Plan

Mr. Saslow indicated that developing a state energy plan could be an additional potential recommendation for the stakeholders' consideration. There was not a common understanding or working definition of what a state energy plan in Missouri would look like or how it should be developed. This item will be discussed further in subsequent stakeholder meetings.

Funding for the DNR-DE

When Mr. Saslow asked how the state should fund the strategies identified, the stakeholders suggested these options:

- Mandated or voluntary public benefits fund (e.g., NYSERDA model)
- General revenue fund
 - Need to build value and demonstrate to legislature
 - Parties can send letters of support to the legislature
- 1/8th of 1% of sales tax dedicated to efficiency programs
- SEP/Federal appropriation
- Federal infrastructure programs like the jobs act
- Vermont model (Vermont Clean Energy Development Fund)
- Gasoline tax
- Fee for information/services
- Conservation revolving fund or small fund from referendum

The stakeholders overwhelmingly supported the suggestion that the DE pursue funding from the General Revenue Fund. Stakeholders recommended that the DE develop a strong value proposition to present to the legislature.

Review of Progress and Next Steps

Adam R. Saslow, Senior Facilitator, RESOLVE

Mr. Saslow summarized the accomplishments made during the workshop. The participants identified these six strategic priorities for the DE:

- 1. Convening an adult conversation about energy-efficiency issues;**
2. Developing a picture of how the DE fits within Missouri's energy-efficiency landscape;
- 3. Acting as a clearinghouse of vetted information on energy efficiency;**
4. Developing a clear message on energy efficiency in the state;
5. Facilitating the development or adoption of energy-efficiency building codes; and
- 6. Developing a state energy plan.**

Of the six priorities, having the adult conversation garnered the most support among the stakeholders. There was a tie for second between acting as a clearinghouse and developing a state energy plan. Messaging was the least popular.

Finally, the stakeholders agreed that the DE needed a more sustainable funding source. They overwhelmingly recommended allocating money from the General Revenue Fund.

At the end of the discussion, Mr. Saslow thanked all of the participants and reminded the advisors that the next workshop would be on traditional energy sources (in St. Louis on October 27), followed by the meeting on renewable energy (in Kansas City on November 10). He invited all participants to attend these meetings and the public meeting on November 14 in Columbia.

5:00 PM Adjourn

Ms. Weiss adjourned the meeting at 4:57 p.m.