



# CITY OF COLUMBIA/BOONE COUNTY, MISSOURI



ENVIRONMENT AND ENERGY COMMISSION

February 26, 2009

Mayor & City Council  
City of Columbia  
PO Box 6015  
Columbia, MO 65205

Honorable Mayor and Members of the City Council:

The Demand Side Management (DSM) program outlined in the Integrated Resource Plan (IRP) by Burns & McDonnell (B&M) has the potential to make significant reductions in the demand for electricity and we recommend that it be strongly supported. The plan needs to get people's attention, achieve the widest possible participation, and include renters.

Columbia is the regional leader in energy efficient and DSM programs. We now have the opportunity to develop a much stronger program and to save a large amount of money for Columbia's citizens. Doing so can provide Columbia with national recognition and make us attractive to new business investments. With our existing programs and the new program based upon the goals in the IRP we are in an excellent position to receive economic stimulus incentive funds.

There are, however, two problems in the program outlined in the IRP which we believe should be addressed.

- 1) Rental property will not be covered because neither the renter, who is present for a limited time, nor the landlord, who does not pay the utility bills, has an incentive to contribute the 50% of the cost required for energy efficient improvements. The other 50% of cost is covered by rebates from Columbia Water & Light (CWL).
- 2) A significant portion of home owners will not feel ready to make the 50% contribution toward energy efficient improvements because the payback is not achieved fast enough for them.

Both problems could be solved by either of the methods below.

A) 100% Rebates

In the March draft of the IRP B&M presented the following option on page 4-40:

**4.7.1 CWL Managed DSM Scenario**

The CWL-managed DSM scenario assumes that only DSM options with benefit / cost ratios greater than 1.0 are implemented and that 100 percent of the cost of the programs are paid for by CWL. This would include all installation costs, program management costs and marketing costs. It also assumes the CWL would be able to implement all of the programs into the CWL residential and commercial classes over a 5 year period.

This would be the easiest method to implement, and might result in a higher participation rate.

B) Pay-As You-Save (PAYS)

Under PAYS, the loan is repaid as part of the utility bill, but the sum of the utility charges and the loan repayment is still less than the utility charges would have been without the improvements. This charge carries over in the future to other individuals who use the same electric meter so that renters, and people who plan to sell their home in a few years, do not have to pay off the balance of the loan. The largest savings go to whoever is occupying the property after the loan has been repaid, but everyone along the way will see some reduction in their utility bills.

Both of these programs have the ability to encourage very high levels of participation because the utility customer sees savings in utility bills immediately and have no up front costs.

Rebates, of course, are an expense to CWL and must be covered by utility rates. If we successfully achieve the reduction projected by B&M, Columbia will see less demand for electricity and CWL customers will spend less for utility bills. However, the 58% of residential customers who are renters would be paying about \$11.5 million more in rates to help cover the rebate programs in which they are unable to participate. This is not an appropriate transfer of funds from renters to home owners, and that portion of the electorate might object.

We urge the Council to make sure that renters can participate in the energy efficient improvements of the DSM program and that the program is structured in a way that will result in very high levels of participation among home owners and renters.

Sincerely,



Barbara Buffaloe  
Chair, Environment & Energy Commission

Cc: J. Kraig Kahler, Water and Light Director  
Boone County Commission