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October 20, 2017

Chairman Daniel Hall
Missouri Public Service Commission
200 Madison Street
Governor Office Building
Jefferson City, MO 65101

Re: MEEA's Comments on File No. EW-2017-0245, Order Seeking Responses Regarding Distributed Energy Resource Issues, and Scheduling a Workshop Meeting

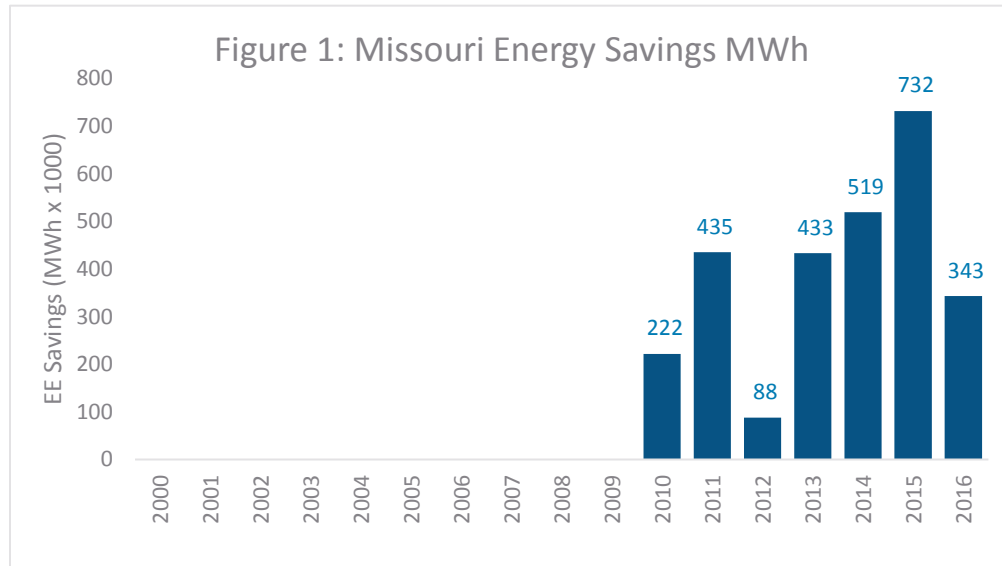
The Midwest Energy Efficiency Alliance (MEEA) commends the Missouri Public Service Commission (the Commission) for its exploration into the policies and regulations surrounding the advancement of distributed energy resources. We thank the Commission for the opportunity to respond to the thoughtful questions posed in Order Seeking Responses Regarding Distributed Energy Resource Issues, and Scheduling a Workshop Meeting (File No. EW-2017-0245) and the invitation to participate in future stakeholder meetings. MEEA submits the following comments in response to this order. The scope of our comments is limited to energy efficiency.

MEEA is a non-profit, membership association working across a 13-state region in the Midwest. Our members include utilities (investor-owned, municipal, and cooperatives), energy efficiency technology and service providers, manufacturers, state and local governments, and research and advocacy organizations. In Missouri, our members include Kansas City Power & Light, Columbia Water & Gas, City Utilities of Springfield, Missouri Energy Initiative, Missouri Botanic Garden's Earthways Center, Lockheed Martin, and the Missouri Division of Energy, among others. We are the Midwest's key proponent and resource for energy efficiency policy, helping to educate and advise a diverse range of stakeholders on ways to pursue a cost-effective, energy-efficient agenda. MEEA's comments are our own and should not be construed as the positions of any MEEA members or members of our Board of Directors.

Q: What are the current levels of distributed energy resources (energy efficiency, distributed generation, demand-response, etc) in Missouri?

Figure 1 illustrates the level of energy efficiency achieved by investor-owned utilities in Missouri.¹ The decreased savings level in 2016 reflects the fact that Ameren Missouri experienced a delayed start in implementing their programs and that the savings targets approved by the MO PSC for the MEEIA Cycle 2 were lower than Cycle 1.

¹ Source: EIA-861, utility filings, and utility evaluation reports.



Q: Should changes be made to the Integrated Resource Planning (IRP) process to accommodate increased use of distributed energy resources?

MEEA appreciates the Commission's effort to solicit stakeholder feedback on Missouri's integrated resource planning process. Similar efforts underway in Indiana² and Michigan³ have resulted in revisions to the rules governing the IRP processes in both states that more fully value energy efficiency as an energy resource.

Cost-Effectiveness Screening

4 CSR 240-22.050 Demand-Side Resource Analysis calls for a cost-effectiveness screening of end-use measures,⁴ followed by the development of a potential study of end-use measures,⁵ which is then followed by a second cost-effectiveness screening of demand-side programs.⁶ This is all done to determine the load impact from demand-side measures to be modeled in the integrated resource analysis required by 4 CSR 240-22.060(4).⁷ Multiple rounds of cost-effectiveness screening places demand-side measures on unequal ground as supply-side options in the integrated resource planning process.

² IURC RM 15-06 Draft Proposed Rule. April 28, 2017. <http://www.in.gov/iurc/files/2017-4-28%20RM%2015-06%20Draft%20Proposed%20Rule.pdf>

³ Public Act 341 Sec. 6t. State of Michigan.

⁴ 4 CSR 240-22.050(3)

⁵ 4 CSR 240-22.050(4) and 4 CSR 240-22.050(5)

⁶ 4 CSR 240-22.050(7)

⁷ 4 CSR 240-22.050(8)



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As written, the Missouri IRP rules require the utilities to design energy efficiency programs that feed into the IRP modeling rather than input energy efficiency as a selectable resource into the IRP modeling and designing energy efficiency programs based on the IRP modeling selections. The Commission may examine Vectren's 2016 IRP to see how the utility creates generic blocks of residential and commercial energy efficiency in savings increments of .25%, making up to 2.0% energy efficiency available per year. The specific commercial and residential programs are designed after the IRP modeling is completed and the level of energy efficiency is established.⁸

In Vectren's 2016 Integrated Resource Plan for Indiana, the company writes,
*"The IRP should determine the appropriate level of DSM to include in the preferred resource plan. However, for Vectren, the IRP is not the appropriate tool to determine which specific programs to include in a DSM plan. Instead, every 2-3 years Vectren engages in a multi-step planning process designed to select programs that meet the level of savings established in the preferred resource portfolio. Once the level of DSM to be offered has been established by the IRP and a portfolio of programs to meet the savings levels has been designed, the last step in the planning process is to test the cost effectiveness of the programs."*⁹

This approach, allowing the IRP model to select energy efficiency by cost per kWh in a measure-agnostic fashion, avoids limiting what energy efficiency is available to the model, and avoids artificially limiting the utility's later DSM planning because it selects for savings rather than for specific measure types.

Stakeholder Engagement

MEEA understands that while 4 CSR 240-22 does not require any type of official stakeholder engagement in the electric utility resource planning process, electric utilities are conducting stakeholder outreach of their own volition. Our comments should not be construed to imply that the current approach is insufficient. However, as the Commission considers potential changes to the IRP process, MEEA would like to draw its attention to the efforts of the Indiana Utility Regulatory Commission and the Michigan Public Service Commission to on the topic of stakeholder engagement.

Earlier this year, the Indiana Utility Regulatory Commission (IURC) issued IURC RM 15-06 Draft Proposed Rule. The rule contains language directing the utilities to create a public advisory process that includes at least three public meetings to introduce the public to

⁸ Integrated Resource Plan. Vectren. Accessed October 20, 2017.

https://www.vectren.com/Residential_Customers/Rates_&_Regulatory/Integrated_Resource_Plan.jsp

⁹ "2016 Integrated Resource Plan." Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Incorporated. December 16, 2016.

<https://www.vectren.com/assets/cms/pdfs/irp/2016%20Vectren%20IRP%20vol%201.pdf>



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the IRP process and explain the utilities modeling assumptions, inputs, methodology, treatment of risk and uncertainty, load forecast, and IPR scenarios and sensitivities (170 IAC 4-7-2.6 *Public advisory process*). The utility must also seek input and discussion from stakeholders on its candidate resource portfolios. The schedule of the meetings is determined by the utility and must be conducted in a manner that aligns with the IRP schedules and allows for meaningful input into the IRP process.¹⁰

Moreover, according to the new draft IRP rule, in its IRP the utility is to include “a summary of the utility’s most recent public advisory process, including the following:

- (A) key issues discussed.
- (B) How the utility responded to the issues.
- (C) A description of how stakeholder input was used in developing the IRP.”¹¹

In MEEA’s review of the IRPs of three of the regulated utilities (Vectren, Northern Indiana Public Service Company, and Indianapolis Power & Light), all three developed modeling scenarios to reflect preferences and input received during public advisory meetings.¹²

At the direction of the legislature (2016 Public Act 341), the Michigan Public Service Commission (MI PSC) initiated a stakeholder-driven process to update its IRP rules. This included the formation of eight working groups convened to develop IRP modeling assumptions, scenarios, and sensitivities pursuant to Section 6t (1) of the law that will inform utilities’ IRP proceedings. All utilities required to at least four resource adequacy plans that reflect the following scenarios: business as usual, emerging technologies, environmental policy, and high market price variant.¹³ According to the legislation, the MI PSC is to repeat this process of engaging stakeholders to develop scenarios, assumptions, and sensitivities for the energy efficiency potential studies and IRP plans every five years. MEEA is in no way suggesting that these scenarios and assumptions, sensitivities, and directions put forth by the MI PSC be applied in Missouri, but rather wish to convey that these components of the IRP process were developed with significant stakeholder input solicited, facilitated, incorporated, and documented by the MI PSC.¹⁴

As for future IRPs conducted by utilities in Michigan, the “Draft Integrated Resource Planning Parameters (Strawman Proposal)” includes a provision that the utilities must present their analysis of the shared IRP modeling input assumptions via “at least one

¹⁰ IURC RM 15-06 Draft Proposed Rule. April 28, 2017. <http://www.in.gov/iurc/files/2017-4-28%20RM%2015-06%20Draft%20Proposed%20Rule.pdf>

¹¹ Ibid.

¹² Integrated Resource Plans. Indiana Utility Regulatory Commission. <https://www.in.gov/iurc/2630.htm>

¹³ “Draft Integrated Resource Planning Parameters (Strawman Proposal).” MAE, MPSC, and MDEQ Staff. August 31, 2017. <http://efile.mpssc.state.mi.us/efile/docs/18418/0005.pdf>

¹⁴ Integrated Resource Plan Statewide Parameter Setting/Modeling. Michigan Public Service Commission. http://www.michigan.gov/mpsc/0,4639,7-159-80741_80743-406248--,00.html



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stakeholder meeting with written comments from stakeholders taken into consideration.”¹⁵

Finally, on the topic of stakeholder engagement, MEEA directs the Commission's attention to a presentation from the Lawrence Berkeley National Laboratory to the MI PSC summarizing stakeholder engagement processes in eight states across the country.¹⁶ This presentation is provided as reference only.

Again, MEEA stresses that our comments do not imply that stakeholder engagement has been inadequate in Missouri, but want to share trends and practices from other states in our footprint.

Q: Are there any other issues related to distributed energy resources that should be brought to the Commission's attention?

The benefits of distributed energy resources are plentiful and accrue to the public at large, residents and businesses in Missouri, the grid operator, and utilities. MEEA looks forward to working with the Commission and Staff to ensure that the benefits of DER reach low- and moderate-income customers, fixed income customers, and those living in multifamily buildings in an equitable manner.

Thank you for the opportunity to comment on EW-2017-0245 and we look forward to continuing to engage in the work of the Commission to advance energy efficiency in Missouri. Please contact Julia Friedman, Senior Policy Manager, at 312-784-7265 or jfriedman@mwalliance.org with any questions.

Sincerely,

Stacey Paradis
Executive Director
Midwest Energy Efficiency Alliance

¹⁵ “Draft Integrated Resource Planning Parameters (Strawman Proposal).” MAE, MPSC, and MDEQ Staff. August 31, 2017. <http://efile.mpsc.state.mi.us/efile/docs/18418/0005.pdf>

¹⁶ Eckman, Tom and Mims, Natalie. “Michigan Public Service Commission Integrated Resource Planning Stakeholder Group Meeting.” Lawrence Berkeley National Laboratory. August 8, 2017. http://www.michigan.gov/documents/mpsc/LBNL_Session_4_Stakeholder_Engagement_597057_7.pdf