

#### 4 CSR 240-20.092 Definitions for Demand-Side Programs and Demand-Side Program Investment Mechanisms

*PURPOSE: This rule incorporates definitions for all terms used in 4 CSR 240-20.093 Demand-Side Programs Investment Mechanisms (DSIM) and 4 CSR 240-20.094 Demand-Side Programs.*

(1) As used in 4 CSR 240-20.093 and 4 CSR 240-20.094, the following terms mean:

(A) ~~Achievable Potential means the amount of energy use that efficiency can realistically be expected to displace assuming the most aggressive program scenario possible (e.g., providing end-users with payments for the entire incremental cost of more efficiency equipment). This is often referred to as Maximum Achievable Potential. Achievable potential takes into account real-world barriers to convincing end-users to adopt efficiency measures, the non-measure costs of delivering programs (for administration, marketing, tracking systems, monitoring and evaluation, and so on), and the capability of programs and administrators to ramp up program activity over time.~~

**Comment [TRT1]:** This is the NAPEE definition which we suggested, but upon further review they do not match an IRP guided state.

(B) Annual report means a report of information concerning a utility's demand-side programs having the content described in ~~4-CSR-240-3.163~~ section (58);

**Comment [TRT2]:** No section 8 in this rule.

~~(C)~~ Approved demand-side program means a demand-side program or demand-side program pilot which is approved by the commission in accordance with 4 CSR 240-20.094 Demand-Side Programs;

~~(D)~~ Avoided cost or avoided utility cost means the cost savings obtained by substituting demand-side programs for existing and new supply-side resources. ~~Avoided costs include avoided utility costs resulting from demand-side programs' energy savings and demand savings associated with plant in-service, operations and maintenance, administrative and general expenses, probable environmental compliance costs, and non-energy benefits; generation, transmission, and distribution facilities including avoided probable environmental compliance costs.~~ The utility shall use the same methodology used in its most recently-adopted preferred resource plan to calculate its avoided costs; The Avoided costs used in the MEEIA filing will remain the same for the duration of the DSIM.

**Comment [TRT3]:** IRP rules determine avoided costs for the utility. The Preferred plan is based on IRP analysis. We cannot use different costs than the IRP is based upon.

**Comment [RAV4]:** Avoided costs could be defined broadly as in the 1<sup>st</sup> sentence here. However, if we are going to include a definition of the components, the traditional components are avoided energy, demand and T&D costs. Where are avoided T&D costs? How are NEBs different than probable environmental costs?

~~(E)~~ Baseline demand forecast means a reference forecast of summer and winter demand at the class level in the absence of any new demand-side programs but including the effects of naturally-occurring energy efficiency and any codes and standards that were in place and known to be enacted at the time the forecast is completed;

**Comment [TRT5]:** This was not included from our 5/22 comments.

~~(F)~~ Baseline energy forecast means a reference forecast of energy at the class level in the absence of any new demand-side programs but including the effects of naturally-occurring energy efficiency and any codes and standards that were in place and known to be enacted at the time the forecast is completed;

~~(G)~~ Cost recovery component of a DSIM means the methodology approved by the commission in a utility's filing for demand-side program approval to allow the utility to receive recovery of costs of approved demand-side programs with interest;

~~(H)~~ Customer class means major customer rate groupings such as residential, small general service, large general service, and large power service;

~~(I)~~ Demand means the rate of electric power use over an hour measured in kilowatts (kW);

~~(J)~~ Demand response means measures that decrease peak demand or shift demand to off-peak periods;

~~(K)~~ Demand-side portfolio or portfolio of programs means all of a utility's demand-side programs at a defined point in time;

(L) Demand-side program means any program conducted by the utility to modify the net consumption of electricity on the retail customer's side of the electric meter including, but not limited to, energy efficiency measures, load management, demand response, ~~and~~ interruptible or curtailable load combined heat and power and distributed generation;

**Comment [RAV6]:** CHP and Distributed Generation do not modify customer consumption of electric. This is the first time we've seen DG suggested.

~~(M)~~ Demand-side program plan means a particular combination of demand-side programs to be delivered according to a specified implementation schedule and budget;

~~(N)~~ Demand-side programs investment mechanism, or DSIM, means a mechanism approved by the commission in a utility's filing for demand-side program approval to encourage investments in demand-side programs. The DSIM may include, in combination and without limitation:

1. Cost recovery of demand-side program costs through capitalization of investments in demand-side programs;

2. Cost recovery of demand-side program costs through a demand-side program cost tracker;

3. Accelerated depreciation on demand-side investments;

4. Recovery of lost revenues and throughput disincentive; and

5. Utility incentive based on the achieved performance level of approved demand-side programs;

~~(Q~~N~~) Demand savings target means the annual demand savings level approved by the commission at the time of each demand-side portfolio's program's approval or adjusted based on an approved mechanism. Demand-side savings targets are the baseline for determining the utility's demand-side portfolio's programs' demand savings performance levels (in the methodology for the utility incentive component of a demand-side portfolio's programs investment mechanism (DSIM).~~

**Comment [TRT7]:** Ameren has proposed a mechanism to adjust demand and energy savings targets based on EM&V. They are also adjusted for Opt-out.

**Comment [TRT8]:** Portfolio is a better fit here.

~~(P)~~ DSIM cost recovery revenue requirement means the revenue requirement approved by the commission in a utility's filing for demand-side program approval or a semi-annual DSIM rate adjustment case to provide the utility with cost recovery of demand-side program costs based on the approved cost recovery component of a DSIM;

~~(Q~~S~~)~~ DSIM rate means the charge on customers' bills for the portion of the DSIM revenue requirement assigned by the commission to a rate class;

~~(P~~R~~)~~ DSIM revenue requirement means the sum of the DSIM cost recovery revenue requirement, DSIM utility lost revenue requirement or Throughput Disincentive revenue requirement, and DSIM utility incentive revenue requirement;

**Comment [TRT9]:** Needs to be included here

~~(S~~Q~~)~~ DSIM utility incentive revenue requirement means the revenue requirement approved by the commission to provide the utility with a portion of annual net shared benefits based on the approved utility incentive component of a DSIM;

~~(T~~R~~)~~ DSIM utility lost revenue requirement means the revenue requirement explicitly approved (if any) by the commission to provide the utility with recovery of lost revenue based on the approved utility lost revenue component of a DSIM;

~~(New)~~ DSIM utility throughput disincentive revenue requirement means the revenue requirement approved by the commission to provide the utility with a portion of net shared benefits based on the approved utility throughput disincentive component of a DSIM.

**Comment [TRT10]:** Definition added for consistency.

~~(U~~P~~) Economic potential means the theoretical subset of the technical potential that is economically cost-effective as compared to conventional supply-side energy resources, assuming the immediate implementation of efficiency measures with no regard for the gradual "ramping up" process of real-life programs, ignoring the market barriers to ensuring the actual implementation of such measures, and only considering the costs of efficiency measures themselves while ignoring any programmatic costs (e.g., marketing, analysis, administration) that would be necessary to capture them. Economic potential means energy savings and demand savings relative to a utility's baseline energy forecast and baseline demand forecast, respectively, resulting from customer adoption of all cost-effective measures, regardless of customer preferences.~~

**Comment [RAV11]:** Economic potential, like technical potential, is 100% measure level potential. It has nothing to do with program potential. Other than for that comment, the definition is OK.

~~(S~~V~~)~~ Electric utility or utility means any electric corporation as defined in section 386.020, RSMo;

~~(W~~T~~)~~ Energy means the total amount of electric power that is used over a specified interval of time measured in kilowatt-hours (kWh);

~~(X~~U~~)~~ Energy efficiency means measures that reduce the amount of electricity required to achieve a given end-use;

~~(Y)~~ Energy savings target means the annual energy savings level approved by the commission at the time of each demand-side portfolio's program's approval, or adjusted by an approved mechanism. Energy savings targets are the baseline for determining the utility's demand-side portfolio's programs' energy savings performance levels (in the methodology for the utility incentive component of a DSIM).

**Comment [TRT12]:** Targets are adjusted for Opt-out and Ameren has proposed adjusting based on EM&V.

**Comment [TRT13]:** Portfolio is a better fit here.

(~~ZV~~) Evaluation, measurement, and verification, or EM&V, means the performance of studies and activities intended to evaluate the process of the utility's program delivery and oversight and to estimate and/or verify the estimated actual energy and demand savings, ~~Benefits~~~~utility lost revenue~~, cost effectiveness, and other effects from demand-side programs;

Comment [TRT14]: Benefits is more appropriate. EM&V has nothing to do with a lost revenue calculation or TD calculation

(~~AAW~~) Filing for demand-side program approval means a utility's filing for approval, modification, or discontinuance of demand-side program(s) which may also include a simultaneous request for the establishment, modification, or discontinuance of a DSIM;

(~~BBX~~) General rate proceeding means a general rate increase proceeding or complaint proceeding before the commission in which all relevant factors that may affect the costs or rates and charges of the electric utility are considered by the commission;

(~~CCY~~) Interruptible or curtailable rate means a rate under which a customer receives a reduced charge in exchange for agreeing to allow the utility to withdraw the supply of electricity under certain specified conditions;

(~~DDY~~) Lost revenue means the net reduction in utility retail revenue, taking into account all changes in costs and all changes in any revenues relevant to the Missouri jurisdictional revenue requirement, that occurs when utility demand-side programs approved by the commission in accordance with 4 CSR 240-20.094 ~~cause a drop in net system retail kWh delivered to jurisdictional customers below the level used to set the electricity rates~~. Lost revenues are only those net revenues lost due to energy and demand savings from utility demand-side programs approved by the commission in accordance with 4 CSR 240-20.094 Demand-Side Programs and measured and verified through EM&V;

(~~EEY~~) Market potential study means ~~a quantitative analysis of the amount of energy and demand savings that either exists, is cost-effective, or could be realized through the implementation of energy efficiency programs and policies. A potential study gives a frame of reference for the upper limits of program potential. The generic program potential in a potential study provides the basis for developing an energy efficiency program supply curve that assists in the assessment of the reasonableness of a MEEIA filing realistic achievable potential. Final program design almost always differs from results from the DSM Potential study.~~

Comment [TRT15]: Ameren inserted

(~~FFX~~) Maximum achievable potential means ~~energy savings and demand savings relative to a utility's baseline energy forecast and baseline demand forecast, respectively, resulting from expected program participation and ideal implementation conditions. Maximum achievable potential establishes a target for demand side savings that a utility can expect to achieve through its demand side programs and involves incentives that represent a very high portion of total programs costs and very short customer payback periods. Maximum achievable potential is considered the hypothetical upper boundary of achievable demand side savings potential, because it presumes conditions that are ideal and not typically observed;~~

Comment [RAV16]: Reinsert ACEEE definition of RAP and MAP.

(~~GGY~~) Measure means any device, technology, ~~behavioral change~~ or operating procedure that makes it possible to deliver an adequate level and quality of energy service while—

1. Using less energy than would otherwise be required; or
2. Altering the time pattern of electricity so as to require less generating capacity or to allow the electric power to be supplied from more fuel-efficient units;

(~~HH~~) Net sShared bBenefits means the ~~utility's avoided costs, program benefits~~ ~~measured and documented through evaluation, measurement, and verification (EM&V) reports for approved demand-side programs less the sum of the programs' costs including design, administration, delivery, end-use measures, incentive payments to customers, EM&V, utility market potential studies, and technical resource manual on an annual basis;~~

Comment [TRT17]: Ameren uses deemed NSB for Throughput Disincentive and has proposed for Performance incentive.

(II) Non Energy Benefits means:

~~Positive or negative effects attributable to energy efficiency programs apart from energy savings.~~

Comment [TRT18]: This makes it cleaner and could include any benefit.

1. Direct benefits to participants in utility demand side programs, including but not limited to, increased property values, ~~increased productivity~~, decreased water and sewer bills, ~~reduced operations and maintenance costs, improved tenant satisfaction~~ and increases to the comfort, health, and safety of participants and their families;

2. Direct benefits to utilities, including but not limited to, such as reduced arrearage carrying costs, reduced customer collection calls/notices, reduced termination/reconnection costs, and reduced bad debt write-offs; and
3. Indirect benefits to society at large, including but not limited to, such as job creation, economic development, energy security, **public safety**, reduced emissions and emission related health care costs, and other environmental benefits.

4. ~~Non Energy Benefits shall be included in cost-effectiveness tests such as the total resource cost test and the societal cost test unless they cannot be calculated with a reasonable degree of confidence. In order to be included in cost tests such as the Total Resource Cost test, Non Energy Benefits must be quantifiable.~~

**Comment [TRT19]:** Disagree with "Shall be included" in the definition. Who calculates and who's degree of confidence?

(AAJJ) Non-participant test (sometimes referred to as the ratepayer impact measure test or RIM test) is a measure of the difference between the change in total revenues paid to a utility and the change in total cost incurred by the utility as a result of the implementation of demand-side programs. The benefits are the avoided cost as a result of implementation. The costs consist of incentives paid to participants, other costs incurred by the utility, and the loss in revenue as a result of diminished consumption. Utility costs include the costs to administer, deliver, and evaluate each demand-side program;

(BBKK) Participant test means the test of the cost-effectiveness of demand-side programs that measures the economics of a demand-side program from the perspective of the customers participating in the program;

(CELL) Preferred resource plan means the utility's resource plan that is contained in the resource acquisition strategy most recently adopted by the utility's decision-makers in accordance with 4 CSR 240-22;

**Comment [TRT20]:** Ameren does not want this to affect the avoided costs during a DSIM cycle.

(MMZ) Probable environmental compliance cost means the expected cost to the utility of complying with new or additional environmental legal mandates, taxes, or other requirements that, in the judgment of the utility's decision-makers, may be imposed at some point within the planning horizon which would result in environmental compliance costs that could have a significant impact on utility rates;

(NNAA) Program pilot means a demand-side program designed to operate on a limited basis for evaluation purposes before full implementation;

~~(FFOO) Program potential refers to the efficiency potential possible given specific program funding levels and designs. Program potential studies can consider scenarios ranging from a single program to a full portfolio of programs. A typical potential study may report a range of results based on different program funding levels. Realistic achievable potential means energy savings and demand savings relative to a utility's baseline energy forecast and baseline demand forecast, respectively, resulting from expected program participation and realistic implementation conditions. Realistic achievable potential establishes a realistic target for demand side savings that a utility can expect to achieve through its demand-side programs and involves incentives that represent a moderate portion of total program costs and longer customer payback periods when compared to those associated with maximum achievable potential;~~

**Comment [RAV21]:** Recommend removal. Program potential is irrelevant to Missouri. More relevant to a Resource Standard state.

(GGPP) Societal cost test means the total resource cost test with the addition of societal benefits (externalities such as, but not limited to, environmental or economic benefits) to the total benefits of the total resource cost test;

(QQBB) Staff means all personnel employed by the commission, whether on a permanent or contract basis, except: commissioners; commissioner support staff, including technical advisory staff; personnel in the secretary's office; and personnel in the general counsel's office, including personnel in the adjudication department. Employees in the staff counsel's office are members of the commission's staff;

(RRCC) Statewide technical resource manual means a document developed by the state-wide collaborative and approved by the commission that is used by all electric utilities to assess energy savings and demand savings attributable to energy efficiency measures and demand response;

~~(HSS) Technical potential means the theoretical maximum amount of energy use that could be displaced by efficiency, disregarding all non-engineering constraints such as cost-effectiveness and the willingness of end users to adopt the efficiency measures. Technical potential is often estimated as a "snapshot" in time, assuming the immediate implementation of all technologically feasible energy saving measures, with additional efficiency opportunities assumed as they arise from activities such as new construction. Technical potential means energy savings and demand savings relative to a utility's baseline energy forecast and baseline demand forecast;~~

**Comment [RAV22]:** Ameren Missouri technical potential is the replacement of equipment at the end of its useful life with the most technically efficient equipment possible. It is not the immediate replacement of all customer equipment in year 1. See comment 1

respectively, resulting from a theoretical construct that assumes all feasible measures are adopted by customers of the utility regardless of cost or customer preference;

~~(TT)~~ Technical Resource Manual, or TRM means a document developed by a utility to assess energy savings and demand savings attributable to energy efficiency and demand response programs within its territory;

~~(UU)~~ Throughput Disincentive means the electric utility's lost margin revenues that result from decreased retail sales volumes due to its demand-side programs;

~~(VV)~~ Total resource cost test, or TRC, a test that compares the sum of avoided utility costs and avoided probable environmental compliance costs to the sum of all incremental costs of end use measures that are implemented due to the program, as defined by the commission in rules. Benefits include the avoided costs of utility costs, avoided probable environmental compliance costs, other avoided resource benefits (e.g., oil, natural gas, water), and other benefits that accrue to Missourians, including non-energy benefits as defined by the commission. Costs include the sum of all incremental costs of end-use measures that are implemented due to the program (including both utility and participant contributions), plus utility costs to administer, deliver, and evaluate each demand-side program. In estimating its avoided probable environmental compliance costs and non-energy benefits, the utility shall consider factors including, but not limited to: reductions in emissions liability under the Clean Air Act; reduction in transmission and distribution costs; reductions in the utility's load factor or peak load; reductions in fuel costs; health and safety improvements, etc.

Comment [TRT23]: Should also include Incentive paid to customer

~~(KKWW)~~ Utility cost test means the test that compares the avoided utility costs to the sum of all utility incentive payments to the customer, plus utility costs to administer, deliver, and evaluate each demand-side program to quantify the net savings obtained by substituting the demand-side program for supply-side resources;

~~(XXEE)~~ Utility incentive component of a DSIM means the methodology approved by the commission in a utility's filing for demand-side program approval to allow the utility to receive a portion of annual net shared benefits achieved and documented through EM&V reports;

~~(YYFF)~~ Utility lost revenue component of a DSIM means the methodology approved by the commission in a utility's filing for demand-side program approval to allow the utility to receive recovery of lost revenue; and

~~(ZZ)~~ Utility Throughput Disincentive component of a DSIM means the methodology approved by the commission in a utility's filing for a demand-side program approval to allow the utility to receive recovery of Throughput Disincentive.

AUTHORITY: section 393.1075.11, RSMo Supp. 2010.\* Original rule filed Oct. 4, 2010, effective May 30, 2011.

\*Original authority: 393.1075, RSMo 2009.