Exhibit No.:	
Issues:	Responses to Rebuttal Testimony Regarding Ameren Missouri's Proposed 2019-2024 MEEIA Portfolio
Witness:	Annika Brink
Sponsoring Party:	National Housing Trust
Type of Exhibit:	Surrebuttal Testimony
Case No.:	EO-2018-0211
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. EO-2018-0211

SURREBUTTAL TESTIMONY

OF

ANNIKA BRINK

ON

BEHALF OF

NATIONAL HOUSING TRUST

September 17, 2018

Q. Please state your name and business address.

A. Annika Brink, National Housing Trust, 1101 30th Street NW, Suite 100A, Washington, DC 20007.

Q. On whose behalf are you testifying?

A. I am testifying on behalf of the National Housing Trust (NHT). All work developing my testimony has been completed by me or under my direction.

Q. By whom are you employed and in what capacity?

A. I am employed by the National Housing Trust (NHT) as their Midwest Director of Energy Efficiency Policy. In this capacity I work with state and local partners across the country to make multifamily housing healthy and affordable through energy efficiency. I have primary responsibility for NHT's energy efficiency policy work in the Midwest, including Missouri.

Q. Are you the same Annika Brink that authored and caused to be filed Rebuttal Testimony in File No. EO-2018-0211 regarding Ameren Missouri's proposed "Cycle III" energy efficiency portfolio under the Missouri Energy Efficiency Investment Act ("MEEIA")?

A. Yes I am.

Q. Please summarize your testimony.

A. My testimony responds to some of the arguments put forth in testimony and other filings submitted in this case on August 30, 2018, including: Staff's "Rebuttal Report," the Rebuttal Testimony of Natelle Dietrich on behalf of Staff, and the Rebuttal Testimony of Dr. Geoff Marke on behalf of the Office of Public Counsel ("OPC"). In responding to the above filings, I explain my disagreement with Staff's recommendation to extend the current Cycle II portfolio, while making note of the improvements in the Ameren Missouri ("the Company") Cycle III low-income offerings over the current Cycle II offerings, with a particular focus on the "Multifamily Low-Income" program. In addition, I offer my view on the benefits of energy efficiency to non-participants (including low-income ratepayers). Finally, I provide my opinion on the Company's proposed six-year portfolio and I recommend a "Mid-Cycle Check-in" approach to balance both the benefits of a long cycle and the opportunity for parties to recommend changes to the portfolio mid-cycle.

Q. Do you support Staff and OPC's recommendation that Ameren Missouri's proposed energy efficiency portfolio in this case be rejected?

A. No, I do not. Ameren Missouri's proposed energy efficiency portfolio was developed after extensive input from stakeholders during the months prior to the filing. Additionally, the portfolio's development involved a potential study, a comprehensive RFP process, bid selection, development of programs, hiring of contractors, and many hours of work by many different parties. Given the effort, time, and expense put into the current proposal, the Commission should encourage parties to make amendments to the Company's filings in this case and attempt to achieve compromise rather than reject the proposal outright.

Furthermore, as an advocate for tenants and owners of low-income housing, I believe having programs to help make low-income housing—both single family and multifamily—more efficient is essential. Rejection of Ameren Missouri's proposal would threaten to leave some of the most vulnerable communities in Eastern Missouri without any meaningful options of lowering their electricity bills, especially since multifamily properties are rarely served by Missouri's weatherization programs. I therefore support a process to amend the current proposal in the context of this case.

Q. Do you support the recommendation in Staff's Rebuttal Report (p. 2) that the Commission authorize Ameren Missouri to extend the Cycle II portfolio for one year to allow for the development of a new plan?

A. No. Delaying a Cycle III portfolio seems unlikely to change the parties' positions or materially alter the relevant inputs: Ameren Missouri's potential study will not change by next year, nor will the avoided cost figures or other market conditions change significantly. Whatever disagreements parties have should be addressed in the context of this case.

In addition, I believe that the current proposal represents a material improvement over the current Cycle II programs, particularly with respect to the Multifamily Low-Income ("MFLI") program. The proposed MFLI program was developed with my input and the input of several other low-income and efficiency advocates. The changes represent crucial adjustments following lessons learned from the past three years of implementation. Allowing the current programs to continue would effectively erase the work we have done with the Company and other parties to improve program delivery and effectiveness for owners and tenants of affordable multifamily buildings. Therefore, I do not see continuation of the current programs and delay of a Cycle III portfolio as a reasonable or useful compromise at this time.

Q. What are the primary improvements to the Company's Multifamily Low-Income program between the Cycle II and Cycle III portfolios?

A. <u>Achieving deep savings per building</u>: One of the main issues we identified during Cycle II was that the Company did not have an incentive to achieve deep savings within each building or within units; instead the Company has relied heavily on no-cost direct install measures like light bulbs, pipe wrap, and faucet aerators. In order to achieve deep, meaningful savings, Ameren's Cycle III MFLI program will attempt to move beyond these initial measures and focus more on common areas, building shells, and major measures like replacement of HVAC systems.[1] In addition, Ameren Missouri worked with NHT and others to develop and propose a Cycle III earnings opportunity component that would reward the Company for achieving higher average energy savings per participating building. This will further help to encourage the shift toward achieving deep energy savings per participating building. By achieving deeper savings, Ameren's program will have a more profound impact on tenant bills, while better enabling owners to maintain affordable rents.

Smarter incentives for multifamily buildings: As Ameren acknowledges, tying MFLI common area incentives to the business incentives proved problematic in Cycle II.[2] In its Cycle III program, Ameren plans to establish separate incentives for the MFLI program.[3] The new range of incentives will not only be higher than Cycle II, but will be more flexible and able to respond to multifamily owners' specific needs.

Better co-delivery framework: We have worked with both Ameren Missouri and Spire to identify ways to improve co-delivery of electric and gas efficiency incentives. Following the approval of Spire's new multifamily low-income program offerings in February 2018, Ameren Missouri now has an opportunity in this case to make key changes that will allow for more effective and focused co-delivery between the programs, which I believe to be another critical tool that will streamline participation and unlock deep savings for owners and tenants. In the event that Cycle II programs continue while a new Cycle III portfolio is developed, improvements to co-delivery will be further delayed and both utilities will struggle to capture the savings that would otherwise be achievable.

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[1] Ameren Missouri, "2019-2024 MEEIA Energy Efficiency Plan (public)," May 31, 2018, p. 17.
[2] Ibid, p. 16.
[3] Ibid, p. 17.

Improvements to the one-stop-shop framework and customer interface: NHT and our allies have been working with Ameren to improve the way the Company markets to and interacts with its multifamily customers. In its filing, Ameren laid out an implementation strategy for an improved "one-stop-shop" approach to engaging owners, including: increased technical assistance by a single point of contact to guide owners throughout the process, incentives for more intensive energy assessments for buildings undertaking substantial rehabilitation projects, helping owners benchmark their properties' energy usage, and more.[4]

Addition of Single Family Low-Income program: NHT supports the proposed addition of a Single Family Low-Income program in addition to the improved MFLI program. The Company's potential study and other national and regional analysis show that low-income single family homes have some of the highest energy usage and great potential for efficiency savings. The newly proposed program aims to utilize community-based organizations as part of program implementation and will include energy assessments and diagnostic testing in addition to the installation of energy-saving measures such as HVAC systems, building shell measures, lighting, appliances, etc.[5] The addition of this program fills a gap in the Cycle II portfolio and will make an immediate difference in the lives of many low-income customers: delay of a Cycle III portfolio will mean a similar delay in such a program.

Higher budget for the MFLI program: NHT worked with Ameren to determine the appropriate budget range for the MFLI program, given the energy savings potential in the sector, as well as the proposed improvements and expansions of the program. The proposed increased budget ($26.14 million over six years compared to $10.75 over three years in Cycle II) will enable the Company to better take advantage of the savings opportunities in the sector, meet the

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[4] Ibid.
[5] Ibid, p. 16.

large unmet need, improve its one-stop-shop program design, achieve deeper savings, and fulfill the promise of co-delivery.

As I reviewed in my Rebuttal Testimony, Ameren Missouri's customers living in affordable multifamily buildings need avenues to permanently address their disproportionately large energy burdens. Energy efficiency is one of the primary strategies for lowering energy burdens.

Q. OPC and Staff both claim in their rebuttal testimony that non-participants of Ameren's energy efficiency programs do not receive program benefits, and that only participants benefit.[6] Do you agree with this claim?

A. No, absolutely not. These claims by OPC and Staff are reflective of the Rate Impact Measure (RIM) test, a type of cost-effectiveness test that aims to evaluate whether energy efficiency programs/resources will increase or decrease electricity or gas rates for all customers. The RIM test was previously referred to as the "Non-Participant Test" and is intended to show "the distributional impacts of efficiency programs on nonparticipants".[7] The RIM test excludes a host of benefits that are included in various other cost-effectiveness tests.

As I discussed in my Rebuttal Testimony on the Revenue Requirement in Spire's recent rate case (File No. GR-2017-0215), the RIM test has been discredited, is not in wide use, and is, for a variety of other reasons, not appropriate as a primary cost-effectiveness test for any utility's energy efficiency programs, including Ameren Missouri's. In its 2012 study of 44 states and their cost-effectiveness practices, the American Council for an Energy-Efficient Economy

[6] See the Staff for the Missouri Public Service Commission, "Staff Rebuttal Report," August 30, 2018, EO-2018-0211, pp. 38-42.
See also Office of Public Counsel, "Rebuttal Testimony of Geoff Marke," August 30, 2018, EO-2018-0211, p. 7.
[7] *Understanding Cost-Effectiveness of Energy Efficiency Programs,* National Action Plan for Energy Efficiency, November 2008, https://www.epa.gov/sites/production/files/2015-08/documents/cost-effectiveness.pdf, p. 6-4.

(ACEEE) found that the RIM test has been largely abandoned by leading energy efficiency states.[8] Only one of the states surveyed indicated they used the RIM test as their primary test, and that one state no longer continues to do so. ACEEE also found that 86% of the 41 states with a *primary* cost-effectiveness test used either the Total Resource Cost Test (TRC) or the Societal Cost Test (SCT) as their primary test. Based on those results and previous research on the flaws of the RIM test, ACEEE states that the RIM test should not be used to determine whether and/or which energy efficiency measures or programs will be delivered.[9]

The National Standard Practice Manual for Assessing Cost-Effectiveness of Energy Efficiency Resources[10] also clearly states that the RIM test is insufficient and extremely limited as a primary cost-effectiveness test for the following reasons:[11]

- It does not provide accurate information of what happens to rates from energy efficiency investments. It only indicates if they go up or down but not the magnitude of that increase or decrease.
- It does not typically result in the lowest cost to customers.
- It can lead to unintended outcomes, such as rejections of energy efficiency investments that would have had significant reduction impacts on utility systems costs.
- It often provides misleading results.
- It attempts to combine cost-effectiveness and equity issues into one calculation but conflates the two issues in the process.

[8] Kushler, M., Nowak, S., Witte, P., *A National Survey of State Policies and Practices for the Evaluation of Ratepayer Funded Energy Efficiency Programs,* February 2012.
[9] Ibid, pp. 36-37.
[10] *National Standard Practice Manual for Assessing Cost-Effectiveness of Energy Efficiency Resources*, National Efficiency Screening Project. Spring 2017. https://nationalefficiencyscreening.org/wp-content/uploads/2017/05/NSPM_May-2017_final.pdf.
[11] Ibid, pp. 114, 122-124.

- It is inconsistent with how other gas and electric resources are reviewed for cost-effectiveness.

In addition to the RIM test being widely discredited, it is *not* the preferred test written into Missouri state law. Although I am not a lawyer, I have reviewed both the MEEIA statute and its corresponding regulations. Under the Missouri Code of State Regulations, the Missouri Public Service Commission is directed to consider the Total Resource Cost Test (TRC) as the state's main cost-effectiveness test for energy efficiency programs. Specifically stated:[12]

> The commission shall consider the TRC test a preferred cost-effectiveness test. For demand-side programs and program plans that have a TRC test ratio greater than one (1), the commission shall approve demand side programs or program plans, budgets, and demand and energy savings targets for each demand-side program it approves, provided it finds that the utility has met the filing and submission requirements of this rule and the demand-side programs.

All customers (participants *and* non-participants) receive some of the benefits of energy efficiency resources. Well-designed energy efficiency programs serve as a demand-side resource, meeting energy needs at a lower cost than many supply-side resources such as fossil fuel plants, and enabling utilities to delay or avoid costly investments in new power plants or transmission and distribution infrastructure – which has economic and health benefits for all. A 2014 study by the American Council for an Energy-Efficient Economy (ACEEE) looked at the cost of energy efficiency across 20 states and found that electric energy efficiency investments returned $1.24 to $4.00 in customer benefits for every $1.00 invested.[13] Utility regulators have come to similar conclusions: in a 2015 study, Minnesota's utility regulator found that in 2014 alone, the state's utilities enjoyed almost $381.6 million in avoided utility costs attributable to the cumulative

[12] 4 CSR 240-20, p.43.
[13] Molina, M., *The Best Value for America's Energy Dollar: A National Review of the Cost of Utility Energy Efficiency Programs*, ACEEE, March 2014. http://aceee.org/research-report/u1402.

effect of utility energy efficiency programs from 2008-2013.[14] These are costs that would otherwise have been passed on to customers. Energy efficiency resources can reduce wholesale energy prices, reduce T&D costs, improve system reliability, reduce risk, reduce pollution and more—for *all* customers.[15]

Q. Do you agree with Dr. Geoff Marke's assertion that a six-year MEEIA portfolio is "entirely too long given the historic and expected volatility occurring in the utility regulatory landscape"?[16]

A. No, I do not. I believe a six-year portfolio presents a number of strengths and advantages over a three-year portfolio. The longer time frame could provide a greater sense of continuity and certainty in the market, creating the expectation that programs will be in place long-term and giving implementers the freedom to establish lasting strategies and contacts among certain market segments. I agree with Ameren Missouri's assertion that the six-year term may enable the Company to achieve deeper savings made possible by longer-term relationships with customers.[17]

I share some of Dr. Marke's concerns about changes in the market that may create the need to amend or adjust programs in the midst of a long cycle. However, I believe that having some form of a mid-cycle review process represents the best compromise on the six-year portfolio issue and may address many of the concerns that Dr. Marke raises in his Rebuttal Testimony. The Company acknowledges some of these same concerns and proposed an "IRP

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[14] Minnesota Department of Commerce, Division of Energy Resources, *The Aggregate Economic Impact of the Conservation Improvement Program 2008 – 2013*, 2015. http://mn.gov/commerce-stat/pdfs/card-report-aggregate-eco-impact-cip-2008-2013.pdf.
[15] *National Standard Practice Manual for Assessing Cost-Effectiveness of Energy Efficiency Resources*, National Efficiency Screening Project. Spring 2017. p. 123. https://nationalefficiencyscreening.org/wp-content/uploads/2017/05/NSPM_May-2017_final.pdf.
[16] The Missouri Office of Public Counsel, "Rebuttal Testimony of Geoff Marke," August 30, 2018, EO-2018-0211, pp. 19-20.
[17] Ameren Missouri, "2019-2024 MEEIA Energy Efficiency Plan (public)," May 31, 2018, p. 5.

Check-in Process" that would allow for consideration of limited changes if certain "triggers" are reached.[18] This may be an area in which the parties can come to better agreement through settlement negotiations.

I would support a Mid-Cycle Review process in which: 1) stakeholders (including both intervenors and non-intervenors) have the ability to recommend specific changes to programs; 2) a forum or limited hearing process is scheduled to consider parties' recommendations and associated evidence; and 3) the Commission is empowered to order various changes based on the record. This would perhaps exceed the limited, IRP-based process that the Company envisioned in its initial filing; however it would allow the Company to implement a six-year portfolio while giving parties the ability to formally raise concerns backed by evidence of the need for changes. The Commission should encourage parties to come to agreement about the types of issues or potential changes that can be raised in such a Mid-Cycle Review process.

Q. Does this conclude your rebuttal testimony?

A. Yes it does.

[18] Ameren Missouri, "2019-2024 MEEIA Energy Efficiency Plan (public)," May 31, 2018, p. 70-74.

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Union Electric Company d/b/a Ameren Missouri's 3rd Filing to Implement Regulatory Changes in Furtherance of Energy Efficiency as Allowed by MEEIA)	))))	File No. EO-2018-0211

AFFIDAVIT OF ANNIKA BRINK

CITY OF WASHINGTON,	**)**	
	)	**SS**
DISTRICT OF COLUMBIA	**)**	

Annika Brink, of lawful age and being first duly sworn on her oath, states:

1. My name is Annika Brink. I work in the City of Washington, District of Columbia and I am employed by The National Housing Trust as its Midwest Director of Energy Efficiency Policy.

2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of The National Housing Trust, which has been prepared in written form for introduction into evidence in the above-referenced docket before the Missouri Public Service Commission.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.

/s/ Annika Brink
Annika Brink

Subscribed and sworn to me this 17th day of September, 2018

/s/ Josh Z
Notary Public

My commission expires: January 31, 2020

JOSHUA ZINMAN
NOTARY PUBLIC
EXP. 1-31-2020
DISTRICT OF COLUMBIA