BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a Ameren Missouri's 2nd Filing to Implement Regulatory Changes in Furtherance of Energy Efficiency as Allowed by MEEIA	))))	**File No. EO-2015-0055**

RENEW MISSOURI'S LATE-FILED
AMENDED STATEMENT OF POSITION

COMES NOW Earth Island Institute d/b/a Renew Missouri ("Renew Missouri"), by and through the undersigned counsel, pursuant to the Missouri Public Service Commission's ("Commission") July 8, 2015 *Order Directing Filing*, and hereby submits the below Late-Filed Amended Statement of Position in the above-captioned case. Renew Missouri reserves the right to modify the positions provided herein and to take additional positions as the case proceeds.

Renew Missouri filed its initial Statement of Position on May 11, 2015. Since then, parties have engaged in various settlement discussions, which have produced two separate Non-Unanimous Stipulation and Agreement documents, one filed by Ameren Missouri and agreed to be several parties (the "Ameren Stipulation"), and one filed by the Office of Public Counsel and PSC Staff and agreed to by several parties (the "Non-utility Stipulation").[1] Because several parties have filed timely objections to both, the stipulations are treated as non-binding joint positions of the signatory parties, and all issues remain for determination after hearing. Commission Rule 4 CSR 240-2.115(2)(D).

As a signatory to the Non-Utility Stipulation, the provisions therein are the positions of

[1] See Non-Unanimous Stipulation and Agreement (filed June 30, 2015) and Amended Non-Unanimous Stipulation and Agreement Regarding Ameren Missouri's MEEIA Cycle 2 (originally filed July 7, 2015, amended on July 8, 2015). Signatories to the Ameren Stipulation include Ameren, Missouri Department of Economic Development – Division of Energy, Kansas City Power and Light Company ("KCP&L") and KCP&L Greater Missouri Operations Company, Natural Resources Defense Council ("NRDC"), and United for Missouri, Inc. Signatories to the Non-Utility Stipulation include Staff, the Office of the Public Counsel ("OPC"), Midwest Energy Consumers' Group, the Missouri Industrial Energy Consumers, and Renew Missouri.

Renew Missouri. The below positions therefore reflect clarification or emphasis of the positions laid out in the Non-Utility Stipulation.

Joint Issues

1. Should the Commission approve, reject or modify Ameren Missouri's MEEIA Cycle 2 Plan (hereafter the "Plan")?

The Commission should modify Ameren Missouri's MEEIA Cycle 2 Plan ("the Plan") by approving the provisions of the Non-Utility Stipulation. That Stipulation effectively recommends several modifications to Ameren Missouri's Plan, including: (1) an alternative proposal for the Demand-Side Investment Mechanism, such that the Company is held harmless for the reduced revenues it experiences due to energy efficiency programs (as determined by EM&V); (2) an alternative Performance Incentive mechanism that overcomes the perverse incentive that currently exists for the Company to pursue all cost-effective efficiency; and (3) a path forward to identify additional future savings and incent the Company to capture it, through collaboration with stakeholders and through utilizing a mediated panel of experts.

2. Do the programs in the Plan, and associated incremental energy and demand savings, demonstrate progress toward achieving all cost-effective demand-side savings consistent with state policy (as established by MEEIA)?

No, Ameren Missouri's 2015-2017 Plan as proposed does not demonstrate progress toward achieving all cost-effective demand-side savings consistent with the goal set forth in the MEEIA statute (§393.1075, RSMo.).

The MEEIA rules are instructive as to what constitutes "all cost-effective":

> The commission shall use the greater of the annual realistic achievable energy savings and demand savings as determined through the utility's market potential study or the… incremental annual demand-side savings goals as a guideline to review progress toward an expectation that the electric utility's demand-side programs can achieve a goal of all cost-effective demand-side savings…

Thus, the annual demand-side savings goals at 4 CSR 240-20.094(2)(A) represent a *minimum* level of efficiency that the Commission should consider as all cost-effective savings. Because 2013 was the first calendar year of the Company's Cycle 1 MEEIA portfolio (the MEEIA rules' savings goals start in 2012), it is reasonable to consider the following annual savings goals as in compliance with the MEEIA Rules targets: 0.9% for 2015; 1.1% for 2016; and 1.3% for 2017.

Neither Ameren Missouri's Plan as filed nor the two filed Stipulations include a savings target that meets the above criteria. A majority of the testifying parties in this case – including Staff, OPC, DE, NRDC, NHT, TGNCDC, and Sierra Club – agree that the Plan does not represent progress toward achieving all cost-effective demand-side energy savings. While the Stipulations both include a slightly higher savings goal, they both fall significantly short of what Renew Missouri (and a majority of the parties in the case) consider to be "all cost-effective."

Both Stipulations agree that stakeholders should work cooperatively to identify additional cost-effective energy savings strategies to increase program savings for years 2017 and 2018.[2] However, without a further process to hold Ameren Missouri accountable, Renew Missouri does not believe the Company will participate as openly and actively as possible in identifying those additional savings. Furthermore, such informal collaboration will do little to overcome the central dispute over participation rate assumptions, which many parties consider to be the basis for Ameren Missouri's very low energy savings goal.

Only the Non-Utility Stipulation offers a path forward to: (1) identify significant additional savings potential through experts' analysis of the participation rate issue; (2) allow the Commission to approve new savings targets for 2017 and 2018; and (3) give Ameren Missouri the opportunity to earn a profit for achieving those additional energy savings.[3] This so-called

[2] See "Ameren Stipulation," ¶15, p.9-10; see also "Non-Utility Stipulation," ¶ 3, pg. 4-5
[3] See "Non-Utility Stipulation," ¶2(d), pg. 4.

"expert panel" would be convened by a neutral third-party mediator and would be tasked with analyzing (among other things) the participation rate assumptions found in Ameren Missouri's 2013 Market Potential Study. The expert panel would issue a recommendation for reasonable savings targets for 2017 and 2018, which the Commission would then have the opportunity to approve along with an additional KWh-based performance incentive. Ameren Missouri would then have the opportunity to accept those new savings targets and the additional performance incentive.

Renew Missouri believes that the expert panel provisions of the Non-Utility Stipulation offers the best path forward for Ameren Missouri to achieve "all cost-effective" energy efficiency. The KWh performance incentive component was a crucial part of Renew Missouri's signature to the Non-Utility Stipulation, as Renew Missouri sees environmental value in significant energy savings as well as demand savings.

3. If the Commission approves a Plan, what are the components of the demand-side programs investment mechanism and how will each of the components be administered?

Renew Missouri recognizes the stated aim of the MEEIA statute, which is to "value demand-side investments equal to traditional investments in supply and delivery infrastructure and allow recovery of all reasonable and prudent costs of delivering cost-effective demand-side programs." This has traditionally translated into compensating utilities in ways that address the so-called "three legs of the stool:" 1) program cost recovery, 2) recovery of the throughput disincentive (or lost revenues), and 3) earning opportunity (or performance incentive).

Concerning the second leg of the stool, Renew Missouri believes that the guiding objective should be to make the utility no worse off than if it had not made efficiency investments. In other words, the utility should recover an amount that corresponds with the *actual* number of KWhs not sold due to efficiency programs. The most reliable method of determining the number of KWhs not sold is through evaluation, measurement and verification of savings after the measures are installed. The Company's proposed DSIM relies on deemed savings values for recovery of the throughout disincentive, which all but guarantees that the Company will over-recover.

Renew Missouri believes the DSIM framework proposed in the Non-Utility Stipulation represents a reasonable way to address the Company's throughput disincentive or lost revenues. It includes both an opportunity to recover the majority of lost revenue (66.67%) in the short-term, with a true-up of the remaining lost revenues following EM&V.[4] However, like NRDC witness Ashok Gupta, Renew Missouri strongly prefers decoupling as the ideal alternative to a DSIM.

<u>Office of the Public Counsel's Issues</u>:

1. If the Commission approves a plan, should the total resource cost test be applied uniformly when calculating net shared benefits?

Renew Missouri takes no position on this issue and reserves the right to present a position as the case proceeds.

2. If the Commission approves a demand-side programs investment mechanism that includes a performance incentive, should the performance incentive be included as a cost when calculating the net shared benefits?

Renew Missouri takes no position on this issue and reserves the right to present a position as the case proceeds.

<u>Sierra Club's Issue</u>:

1. In assessing the cost-effectiveness of demand-side programs, should Ameren Missouri consider the results of the utility cost test?

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[4] See "Non-Utility Stipulation," ¶6, pg. 7-8.

Renew Missouri takes no position on this issue and reserves the right to present a position as the case proceeds.

Missouri Division of Energy's Issue:

1. If the Commission modifies Ameren Missouri's MEEIA Cycle 2 Plan what modifications should the Commission adopt?

Renew Missouri refers the Commission to our response to Issue 1 on pg. 1-2.

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct PDF version of the foregoing was filed on EFIS and electronically mailed to all counsel of record on this 17th day of July, 2015.

/s/ Andrew J. Linhares
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