

## **AmerenUE Fiscal Impact of Proposed SB 376 Rules**

Incremental administrative costs to comply with proposed SB 376 rules fall into the following general areas:

- Personnel
- Systems
- Standards development

A brief overview of new costs directly attributable to the requirements of the proposed SB 376 rules includes:

### Personnel

The annual and extensive DSM filing requirements are brand new. They require, among other things, development of new customer tracking databases, accounting systems to re-allocate DSM related costs for opt-out customers, cross referencing customers who participate in DNR tax credit or monetary DSM incentive programs, and extensive analysis of the impact of low income DSM programs on arrearages and disconnections. At a minimum, AmerenUE should estimate that 2 internal FTEs will be needed to comply with annual reporting requirements of SB 376 proposed rulemaking. (2) FTEs at an estimated fully loaded cost of approximately \$100,000 per year equates to additional internal personnel expenses of \$200,000 per year.

Proposed rules also require an independent EM&V contractor to be hired by the Commission to oversee the work of the IOU EM&V contractor. We estimate the cost for this contractor to be in the \$500,000 per year range. Assuming the AmerenUE allocation of this cost to be in the 50% range, AmerenUE's annual cost would be \$250,000.

The rules suggest but do not require the formation of a statewide DSM collaborative. Depending on whether a statewide collaborative approach is utilized, other statewide collaborative typically include additional out-of-pocket expenses for an experienced DSM collaboration facilitator and national consultant expertise to assist in the development of both technical and policy issues. Statewide facilitation costs typically are in the \$100,000 per year range. Statewide collaborative consulting fees are a function of the issues being addressed but also typically can be in the \$100,000 per year range. Assuming the AmerenUE allocation of this cost to be in the 50% range, AmerenUE's annual cost would be \$100,000 per year.

## Systems

AmerenUE believes the rule will require it to development, upfront, at least the following new systems:

- Accounting systems to remove DSM related costs for customers who choose to opt out of participation in DSM customers. AmerenUE estimates that up to 25% of total electric sales may be eligible to opt out. Utilizing in-house IT consultants, the estimated cost to develop the system is \$100,000. Annual system maintenance costs may be in the \$5,000 per year range.
- Customer bill revisions to estimate and show DSIM surcharges. \$50,000 with \$1,000 annual maintenance costs.
- Database tied into Missouri DNR to account for customers who have received state tax credits or monetary incentives and therefore are ineligible to participate in IOU programs. There are two potential approaches to address this requirement. The simple approach is to use an honor system and simply ask customers who want to participate in AmerenUE DSM programs if they are also taking advantage of statewide incentives. The more robust option is to have AmerenUE and DNR develop a joint database to share participating customer information. If the more robust option is selected, out-of-pocket costs to develop the databases may be in the \$10,000 range for development and \$1,000 per year maintenance costs.
- Database of all customers participating in programs. Currently, Ameren has a non-automated system for DSM program data collection and tracking. The timing requirements as well as the breadth and depth of data to be reported per proposed SB 376 rules necessitate that AmerenUE invest an automated real-time DSM data collection and tracking system. In 2007, AmerenUE investigated relatively simple and minimally robust systems that cost approximately \$500,000. A more realistic estimate for the system to comply with SB 376 would be closer to the \$1,000,000 range. Annual maintenance fees for a system of this type are expected to be in the \$30,000 per year range.

## Standards

- Proposed rules call for a statewide technical reference manual. The definition of the reference manual is very general. Some think it is limited to the development of a deemed savings database. Some think it also includes protocols on how also to apply deemed savings. Regardless, California is credited with the development of the premier DEER (database of energy efficiency resources) database at a cost of in excess of \$18 million with several updates over the past 20 years. To the extent that the Missouri technical reference manual is based on Missouri specific data but leverages other state databases such as DEER, and to the extent that the Missouri technical reference manual includes protocols on how to apply deemed savings, we estimate development costs to very conservatively to be in the \$1 million range with \$100,000 annual maintenance costs to reflect changes in technology, legislation, and usage. If AmerenUE is allocated approximately 50%

of the costs, AmerenUE’s share is \$500,000 for upfront development and \$50,000 annual maintenance.

- DSM potential study requirements call for “statistically significant” results. The term can be interpreted in a number of different ways. AmerenUE is of the firm opinion that its 2010 DSM potential study at a cost of \$900,000 is based on solid statistical evidence. However, based on Adam’s Bickfords’ stated concerns with the AmerenUE potential study sampling methodology wherein Adam suggests that all sources of data uncertainty be quantified, incremental customer surveying and contractor analytic efforts around the incremental customer surveying would add a minimum of \$200,000 every four years to the cost of a DSM potential study.

In summary, we *conservatively* estimate the following annual incremental costs to AmerenUE directly attributable to compliance with SB 376 proposed rules – assuming the new rules take effect January 1, 2011:

<u>Type</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Total</u>
One-time	\$1,660,000				\$1,660,000
On-going	\$637,000	\$637,000	\$837,000	\$637,000	\$2,748,000
Total	\$2,297,000	\$637,000	\$837,000	\$637,000	\$4,408,000

AmerenUE has not estimated the direct DSM program costs, lost revenues, and program benefits. This is due to two reasons:

1. AmerenUE anticipates implementing the preferred plan from the IRP in at least the first few years of this rule. As a result, the program costs, lost revenues and program benefits will be the same with or without this rule.
2. If AmerenUE is required to meet the targets set in the draft rule for all cost-effective programs, the program costs, lost revenues, and benefits are difficult to quantify at this time as the targets may not be achievable.