

Exhibit No.:
Issue(s): *Cost-Effectiveness*
Witness: *John Rogers*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Surrebuttal Testimony*
Case No.: *EO-2018-0211*
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MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

ENERGY RESOURCES DEPARTMENT

SURREBUTTAL TESTIMONY

OF

JOHN A. ROGERS

**UNION ELECTRIC COMPANY,
d/b/a AMEREN MISSOURI**

CASE NO. EO-2018-0211

Jefferson City, Missouri
September 2018

1 that are implemented due to the program (including both utility and participant contributions),
2 plus utility costs to administer, deliver, and evaluate each demand-side program and costs of
3 statewide TRM or TRM and statewide TRM.

4 Q. How does the Missouri Energy Efficiency Investment Act define the TRC?

5 A. 393.1075.2.(6) “Total resource cost test”, a test that compares the sum of
6 avoided utility costs and avoided probable environmental compliance costs to the sum of all
7 incremental costs of end-use measures that are implemented due to the program, as defined by
8 the commission in rules.

9 Q. Please respond to Mr. Hyman’s recommendation “that the Commission revise
10 its rules on demand-side programs to clarify that the TRC test should include participant
11 benefits.”¹

12 A. Upon the advice of Staff Counsel, Section 393.1075.2.(6) gives the
13 Commission the authority to define 1) avoided electric utility costs, and 2) all incremental
14 costs of end-use measures.

15 Q. Has the Commission considered adding non-energy benefits to its definition of
16 avoided utility costs? And if so, in what context was this considered and how did the
17 Commission rule?

18 A. Yes. In its June 28, 2017, *Order of Rulemaking* in File No. EX-2016-0334, the
19 Commission stated: “The commission believes that non-energy benefits may be appropriately
20 considered in the TRC, but only if they are quantifiable and result in avoided electric utility
21 costs. An example mentioned at the hearing would be a reduction in the utility’s bad debt
22 expenses resulting from an efficiency measure.”

¹ Hyman rebuttal testimony at page 16 lines 5 – 12.

1 **Greater Reliance on SCT and UCT**

2 Q. Please respond to Mr. Hyman’s rebuttal testimony: “Absent such clarification
3 [that the TRC include participant benefits], DE would recommend greater reliance on the SCT
4 and UCT in utility and Commission decision-making in order to avoid the incorrect
5 conclusions provided by the current Missouri TRC test methodology.”²

6 A. Section 393.1075.4. includes the following: “... The commission shall
7 consider the total resource cost test a preferred cost-effectiveness test.” Upon the advice of
8 Staff Counsel, the Commission cannot place a greater reliance upon the SCT, UCT or any
9 other cost-effectiveness test than it does upon the TRC when determining cost-effectiveness
10 of programs. Section 393.1075.4. directs that “[t]he Commission shall consider the total
11 resource cost test a preferred cost-effectiveness test.” Section 393.1075.4. does not define or
12 even mention the SCT, UCT or any other cost-effectiveness test.

13 **Mitigating Impact of Energy Efficiency Investment Charge**

14 Q. Concerning Mr. Hyman’s rebuttal testimony “Many equity concerns driven by
15 rate impacts can be mitigated or even eliminated by promoting widespread customer
16 participation in efficiency programs,”³ what are “equity concerns driven by rate impacts”?

17 A. The *National Standard practice Manual for Assessing Cost-Effectiveness of*
18 *Energy Efficiency Resources* includes in its section **C.4 A Better Approach for Analyzing**

19 **Rate Impacts:**

20 A thorough understanding of the implications of efficiency rate impacts
21 requires analysis of three important factors: rate impacts, bill impacts,
22 and participation impacts.

- 23 • **Rate impacts** provide an indication of the extent to which rates
24 for all customers might increase due to efficiency resources.

² Ibid, page 16 lines 12 – 14.

³ Ibid, page 14 lines 7 – 9, and National Standard Practice Manual page 125.

- 1
- 2 • **Bill impacts** provide an indication of the extent to which
- 3 customer bills might be reduced for those customers that install
- 4 efficiency resources.
- 5
- 6 • **Participation impacts** provide an indication of the portion of
- 7 customers [] that will experience bill reductions or bill
- 8 increases. Participating customers will generally experience bill
- 9 reductions while non-participants might see rate increases
- 10 leading to bill increases.
- 11

12 Taken together, these three factors indicate the extent to which

13 customers as a whole will benefit from efficiency resources, and also

14 the extent to which efficiency resources may lead to distributional

15 equity concerns. It is critical to estimate the rate, bill and participant

16 impacts properly, and to present them in terms that are meaningful for

17 considering distributional equity issues (SEE Action 2011a).

18 Q. Hypothetically, if all customers participated in Ameren Missouri’s proposed

19 Cycle 3 programs and each customer received benefits which are proportional to its total

20 Energy Efficiency Investment Charge amounts, would all customers benefit from Ameren

21 Missouri’s proposed MEEIA Cycle 3? Please explain.

22 A. No. This hypothetical example is presented in Chart 6⁴ of Staff’s Rebuttal

23 Report. Staff concludes that Ameren Missouri’s proposed MEEIA Cycle 3 drastically

24 overstates net benefits for customers. Further, when properly quantifying avoided capacity

25 cost benefits and removing avoided T&D cost benefits, all customers who pay the MEEIA

26 charge each month during 2019 – 2024, for an investment of \$478 Million, will have to wait

27 until 2034 to break even and will only receive a return of \$145 Million in overall net benefits

28 from 2034 to 2044. It makes little sense for all customers to pay \$478 Million during the

29 Plan’s implementation (2019 – 2024) with the hope of receiving only \$145 Million of net

30 benefits during 2034 -2044.

⁴ Staff’s Rebuttal Report at page 40 line 7.

Surrebuttal Testimony of
John A. Rogers

1 Q. Does this conclude your surrebuttal testimony?

2 A. Yes.

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) Case No. EO-2018-0211
Implement Regulatory Changes in)
Furtherance of Energy Efficiency as)
Allowed by MEEIA)

AFFIDAVIT OF JOHN A. ROGERS

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW JOHN A. ROGERS and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Surrebuttal Testimony; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.




JOHN A. ROGERS

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 14th day of September 2018.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2020
Commission Number: 12412070



Notary Public