



June 19, 2015

Ms. Natelle Dietrich
Director Utility Operations
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102

File No: EO-2015-0055

Dear Ms. Dietrich:

We appreciate the efforts by Staff to take into account the positions of the parties and further efforts to develop a consensus rule. In many respects, progress has been made in addressing the challenges facing utilities that are seeking to continue implementation of large scale energy efficiency programs in Missouri. However, at this juncture we feel Staff's draft rules present a framework that does not align incentives of customers and utilities in a manner that will facilitate the continued advancement of energy efficiency programing.

From our standpoint, there exist key issues that remain unresolved. A threshold problem is that the rulemaking appears to be viewed by many as an opportunity to transform a state law that *enables* a utility to make use of energy efficiency as a resource into a rule that imposes *mandated* adherence to requirements that are fundamentally incongruent with the interests of the utility. More than merely a compliance obligation, energy efficiency filings are important and detailed voluntary initiatives undertaken by Missouri electric utilities to meet future load requirements in a cost effective manner.

Energy efficiency programs are essentially marketing programs designed to convince and incentivize customers to use less electricity. As an investor owned publicly traded company, there is a clear barrier for Ameren Missouri to spend considerable resources to convince customers to use less of our products and services. This defies the basic tenants of the fiduciary duty a company owes its investors. Our investors have a legitimate interest in receiving a fair opportunity to earn a return on their investment – after all, our investors provide the capital and bear the risk associated with providing essential public utility service to our communities. The barrier to utility investment in energy efficiency resources is heightened by the high sales incentive embedded in Missouri's regulatory framework. This framework is evident in review of the recently approved electric rate designs currently in effect. Utilities face real and significant losses when sales decline. Accordingly, the alignment of incentives is a critical path item from our perspective, and the elimination of the inherent bias against energy efficiency as a resource must be addressed.

Retrospective application of net-to-gross estimation of energy savings is untenable as a pre-requisite to receiving any revenue designed to overcome the barrier to aligning customer incentives with utility incentives.

Further, retrospective application of inherently subjective estimation methodologies is a catalyst for litigation and unproductive disputes among parties. Prospectively, it is in the interest of all parties to move toward deemed savings values that are subject to periodic prospective update, rather than retro-active revision of savings estimates.

Additional, we are concerned about other additions contained in Staff's current draft rules. Some of our most significant concerns are listed below as follows:

1. Realistic achievable potential and maximum achievable potential concepts are not clearly defined and delineated in the documents.
2. The continued inclusion of arbitrarily derived aspirational savings goals within the rule should be altered to reflect something more closely grounded in empirical data. Ameren Missouri continues to investigate a more appropriate means of establishing savings goals.
3. The role of NEBs in the MEEIA framework and the legality of the inclusions of such concepts within the draft rules requires close review.
4. Although we understand that a transition needs to be provided for with respect to the development of a statewide TRM, we have concerns about redundancy codified in the rule. A statewide TRM process, utility specific TRM requirements, and EM&V procedures as drafted creates a web of overlapping redundant measurement procedures that will require considerable resources and expense to administer.
5. Ameren Missouri is uncertain as to the requirements for rate design modifications and would like further review and discussion opportunities as to what the changes may require.
6. Ameren Missouri is concerned that the low income potential estimate provisions leave out detail and further discussion is warranted.
7. The Commission Staff should not represent the Commission Auditor at hearing. There is an inherent conflict of interest if the independent auditor takes a different view from the Staff
8. The inclusion of the estimation of market price of power impacts associated with Energy Efficiency also referred to as "DRIPE." The inclusion of DRIPE should be explored further, and if it is determined that it should be measured and included in the rule, the rule should provide for such inclusion with specificity.
9. Incentive payment and assignment obligations should be deleted. Business terms for ensuring appropriate payment or assignment of payment should be managed by the utility.
10. Statewide potential study is problematic from our standpoint. Each utility has its own avoided costs and other variables that are completely different than other utilities in the state. One major factor is Ameren is in MISO while Empire and KCPL are in SPP. Accordingly, we oppose this addition at this time.

We have included an attachment with our comments and concerns captured in a manner that offers our opinions with respect to specific language and sections in the rule. Our previously articulated suggestions and

edits are also not withdrawn and we continue to advocate the inclusion of reasonable reform to the MEEIA rules. We look forward to working with Staff and the parties on these important issues.

Sincerely,

A handwritten signature in blue ink, appearing to read "Matthew R. Tomc", written over a light blue horizontal line.

Matthew R. Tomc