

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

In the Matter of a Working Case to Explore)
Emerging Issues in Utility Regulation) **Case No. EW-2017-0245**

COMMENTS OF NATURAL RESOURCES DEFENSE COUNCIL

The Natural Resources Defense Council (NRDC) is strongly interested in Distributed Energy Resources and offers these comments on selected questions raised by the Commission in its order establishing this working docket.

Distribution Planning

The Commission and electric utilities need to manage the distribution grid in a way that reduces peaks and fills valleys in load profiles and lowers overall system costs with a combination of energy efficiency, demand response, electric vehicles, distributed generation, storage, advanced metering, and pricing strategies such as time-of-use rates (TOU) and inclining block rates (IBR) by requiring integrated distribution planning.

The analysis required by the current IRP rule, 4 CSR 240-22.045, is focused almost entirely on hardware, except to the extent that technology enables the accommodation of demand-side and supply side resources (22.045(1)(D)). It does not consider resources like those listed above as distribution assets themselves. The Commission should consider revising 22.045 accordingly and implementing integrated distribution planning.

On this subject see <http://blog.aee.net/distribution-planning-in-a-distributed-energy-future> and Attachment 1, More Than Smart: A Framework to Make the Distribution Grid More Open.

Efficient and Resilient by the Resnick Institute, and Attachment 2, Planning the Distributed Energy Future by Black & Veatch and SEPA.

Customer Access to Renewable Energy

The Commission should encourage utilities through green tariffs or similar mechanisms to allow customers to have access to renewable energy (primarily wind for large customers and community solar for small customers) and achieve the state’s economic development and public health goals.

Community solar is much in demand by customers who are renters or whose properties lack the necessary exposure to the sun. While Missouri lacks enabling legislation, community solar is something utilities can do voluntarily.

On the customer side of the meter, tariffs and rate designs can be used to better manage demand so as to level peaks and valleys on the distribution system, such as time-of-use rates for electric vehicles to move recharging to nighttime rather than during the evening peak; tariffs that encourage west-facing solar panels so as to extend solar generation later into the day, as the city of Columbia is doing; and tariffs and rate designs that utilize demand response as an integrated distribution resource.

Model green tariff

The Commission seeks responses to the question, “Should a model state tariff be designed?” A green tariff would be a useful such model.

Many major corporations have ambitious renewable energy goals. Access to wind and solar energy is an important factor in their decisions to locate facilities such as data centers, distribution centers and big box stores. See Attachment 3, a letter by major companies to

Missouri legislative leaders. Green tariffs and Power Purchase Agreements are among the tools they seek; see Attachment 4, Corporate Clean Energy Procurement Index, ranking Missouri 32nd among the states for its policies. Ameren Missouri has announced its intention of filing a green tariff on November 1.

Attachment 5, an issue brief on “Emerging Green Tariffs in U.S. Regulated Electricity Markets,” gives a flavor of the variety of designs being proposed and implemented in this new field. The Commission is in a position to undertake an assessment of what is in the public interest.

Additional Resource Planning Issues

The Commission should utilize the Integrated Resource Planning process to diversify utility supply portfolios to help reduce overall costs for all customers:

- via retirement of uneconomic generation assets, refinancing of such assets through securitization, and replacement with less expensive resources; and
- by pursuing all cost-effective energy efficiency, including utilization of benchmarking data and financing strategies like Property Assessed Clean Energy to enhance cost-effectiveness and increase participation rates.

Coal-fired generators are increasingly uneconomic. Securitization presents a solution to the problem of stranded assets. Due to continued investments over the years, even the oldest plants (i.e. Meramec) still have rate base balances. There must be an end. Attachment 6 is a brief explanation of securitization. Attachment 7 is a spreadsheet of recent securitizations from around the country.

On the demand side, utility activities under MEEIA may be enhanced by financing measures such as PACE, now being implemented through Clean Energy Districts

(<https://www.mced.mo.gov/>).

Cities including St. Louis have enacted benchmarking ordinances that require large commercial, industrial and multi-family residential buildings to track their energy use. The data comes from their utility. Benchmarking imposes no mandate, but it encourages efficiency measures by showing building owners their opportunities to save energy and money.

Benchmarking can be encouraged through the IRP and MEEIA processes. Attachment 8 is a report from the American Council for an Energy Efficient Economy (ACEEE) on energy savings from benchmarking.

MEEIA is not a mandatory energy Efficiency Resource Standard, but it does contain numeric goals for demonstrating demand-side energy and capacity savings. These goals are sadly out of date but have only been pushed back in the MEEIA rule revision and have never been met by the utilities. The Commission should update the numeric targets in 4 CSR 240-20.094(2) and push the utilities to make serious efforts to meet the statutory goal of “all cost-effective demand-side savings.”

Submitted by

/s/ Henry B. Robertson
Henry B. Robertson (Mo. Bar No. 29502)
Great Rivers Environmental Law Center
319 N. Fourth Street, Suite 800
St. Louis, Missouri 63102
(314) 231-4181
(314) 231-4184 (facsimile)
hrobertson@greatriverslaw.org

October 20, 2017

