

Exhibit No.:
Issue(s):
Witness: Antonio M. Lozano
Sponsoring Party: Union Electric Company
Type of Exhibit: Direct Testimony
Case No.: EO-2023-0136
Date Testimony Prepared: January 25, 2024

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. EO-2023-0136

DIRECT TESTIMONY

OF

ANTONIO M. LOZANO

ON

BEHALF OF

UNION ELECTRIC COMPANY

d/b/a Ameren Missouri

**St. Louis, Missouri
January, 2024**

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DIRECT TESTIMONY

OF

ANTONIO M. LOZANO

CASE NO. EO-2023-0136

1

I. INTRODUCTION

2

Q. Please state your name and business address.

3

A. My name is Antonio M. Lozano. My business address is One Ameren Plaza,

4

1901 Chouteau Avenue, St. Louis, MO 63103.

5

Q. By whom are you employed and in what capacity?

6

A. I am employed by Union Electric Company d/b/a Ameren Missouri

7

("Ameren Missouri" or "Company") as its Director of Energy Solutions.

8

Q. What are your current responsibilities as a Director of Energy

9

Solutions?

10

A. I am responsible for directing Ameren Missouri's energy efficiency and

11

demand response team, including overseeing the development and implementation of

12

strategy, related stakeholder engagements and efforts at the Missouri Public Service

13

Commission (the "Commission").

14

Q. Please describe your educational background and relevant work

15

experience.

16

A. In 2004, I graduated from Millikin University with a Bachelor of Science in

17

Marketing and a minor in Computer Science. While in the workforce, I received my

18

Master's in Business Administration from Webster University in 2009.

1 My employment with Ameren Services began on November 1, 2006, as a Market
2 Specialist, supporting all Ameren companies in a variety of energy management and
3 trading efforts. My work in that field led to many support and analysis roles for Ameren's
4 commodity trading and finance efforts, while I advanced in scope and title. Subjects
5 included over the counter, exchange, and RTO settlements; financial design and
6 stakeholder work at the regional transmission organization ("RTO") level for the
7 Midcontinent Independent System Operator ("MISO"), PJM Interconnection ("PJM") and
8 others; margin analysis; and more.

9 Since transitioning from that work in the fall of 2014, I have held various leadership
10 positions across Ameren Services and Ameren Missouri including leading the multi-
11 function Business Services Center, Continuous Improvement, and ultimately moving into
12 my current role in May of 2021.

13 II. PURPOSE OF TESTIMONY

14 Q. What is the purpose of your direct testimony in this proceeding?

15 A. The purpose of my testimony is four-fold. First, I will introduce the
16 witnesses who have also filed testimony with the Missouri Energy Efficiency Investment
17 Act (MEEIA) 2025-27 Plan (the "Plan"). Second, I provide an overview of the MEEIA
18 statute allowing the Commission to approve the proposed Plan. Third, I provide a summary
19 of the Plan, the process of developing it, the overall reasonability of the Plan specifically,
20 and for MEEIA portfolios in general. Finally, I will summarize key modifications to the
21 Plan as compared to our March 27, 2023, filing.¹

¹ File No. EO-2023-0136, *Application to Approve DSIM and Demand-Side Management Portfolio and Plan, Request for Variances, and Motion to Adopt Procedural Schedule*, filed March 27, 2023.

1 **Q. Are you sponsoring any exhibits in support of your testimony?**

2 A. Yes. I am sponsoring Schedule AML – D1; which comprises the main report
3 of the Plan.

4 **Q. Can you please summarize the recommendations you have with
5 regards to the Plan?**

6 A. Yes, as laid out, I recommend the Commission approve the entirety of the
7 Plan, which includes:

- 8 • The portfolio of programs.
- 9 • The demand-side investment mechanism ("DSIM").
- 10 • The energy and demand savings targets, along with the budgets.
- 11 • The tariff, as modified and filed.
- 12 • The Earnings Opportunity matrix.
- 13 • The pilot program process and budget.

14 **Q. Please explain your involvement with Ameren Missouri's Plan.**

15 A. I directed the research, design, and development of the Plan since the fall of
16 2021. Strategically, I have structured and led a framework for our team of experts across
17 the energy efficiency and demand response landscape. This includes coworkers who have
18 expertise on the delivery aspects of the portfolio, the design and long-term strategic
19 considerations, and the evaluation, measurement, and verification ("EM&V") space.
20 Tactically, I was directly involved with various stakeholder discussions, before and after
21 our March 27, 2023, filing. I was also directly involved in a variety of detailed internal
22 discussions that impacted the nature and content of this filing, such as the length, timing,
23 and size.

1 **III. INTRODUCTION OF THE AMEREN MISSOURI WITNESSES**

2 **Q. Please introduce and summarize the testimony of the Ameren Missouri**
3 **witnesses who have filed direct testimony and exhibits in support of the approval of**
4 **the Plan.**

5 A. A summary of the witnesses' testimony and exhibits follows:

- 6 • Direct Testimony of Mr. Timothy Via. Mr. Via addresses the layout of
7 the application, appendices, and the intent of the structure for the full
8 filing.
- 9 • Direct Testimony of Mr. Jeff Brueggemann. Mr. Brueggemann
10 discusses the data and detail related to the submittal tool, DSMore and
11 how the corresponding data feeds the application to help stakeholders
12 understand and follow the data. Additionally, Mr. Brueggemann
13 discusses changes to the Plan since the March 27, 2023, filing.
- 14 • Direct Testimony of Mr. Jeffrey Huber, GDS Associates, Inc. Mr.
15 Huber reviews the most recent DSM Market Potential Study ("2023
16 DSM MPS")² for Ameren Missouri, and the timing of the deliverables
17 as that relates to the March 27, 2023, filing.

18 **IV. THE MEEIA STATUTE**

19 **Q. Please summarize the MEEIA Statute.**

20 A. Although I am not an attorney, I am advised by counsel that the Commission
21 has the authority under the Missouri Energy Efficiency Investment Act, or MEEIA,

² 2023 MPS Final MPS Overview v.02, in workpapers to this filing.

1 to allow utilities to implement energy efficiency and demand response programs.

2 The statute³ originally became effective August 28, 2009, and states in part:

3 3. It shall be the policy of the state to value demand-side investments
4 equal to traditional investments in supply and delivery infrastructure
5 and allow recovery of all reasonable and prudent costs of delivering
6 cost-effective demand-side programs.

7 4. The commission shall permit electric corporations to implement
8 commission-approved demand-side programs proposed pursuant to this
9 section *with a goal of achieving all cost-effective demand-side savings*.
10 (emphasis added)

11 **Q. Why should utility financial incentives be aligned with helping**
12 **customers use energy more efficiently and in a manner that sustains or enhances**
13 **utility customers' incentives to use energy more efficiently?**

14 A. At the highest levels, the statute outlines this policy to encourage public
15 utilities to offer energy efficiency programs:

16 ... In support of this policy, the commission shall:

17 (1) Provide timely cost recovery for utilities.

18 (2) Ensure that utility financial incentives are aligned with
19 helping customers use energy more efficiently and in a
20 manner that sustains or enhances utility customers'
21 incentives to use energy more efficiently; and

22 (3) Provide timely earnings opportunities associated with cost-
23 effective measurable and verifiable efficiency savings.

³ Section 393.1075 RSMo.

1 Aligned incentives allow customers to benefit from a well-researched, designed and
2 delivered energy efficiency and demand response portfolio. Studies demonstrated
3 objectively and explicitly for more than a decade across the state, as well as broadly within
4 the industry that customers benefit from energy efficiency programs. Absent proactive
5 steps to create this alignment, utilities will harm their own business interests by delivering
6 programs. The MEEIA statute recognizes and encourages that positive steps to create
7 alignment are mutually beneficial for customers and shareholders and are therefore in the
8 public interest. And absent such alignment, utilities might opt to decline to offer programs
9 at all.

10 While I go into the details of this further below, it is key to understand the multitude
11 of other parties that benefit from this work, all with valuable and distinct roles. If a utility
12 does deliver on cost-effective demand-side programs, then not only will customers be
13 better off, but the state of Missouri benefits from the economic impact of the investment.

14 **Q. What are the impacts of the MEEIA statute?**

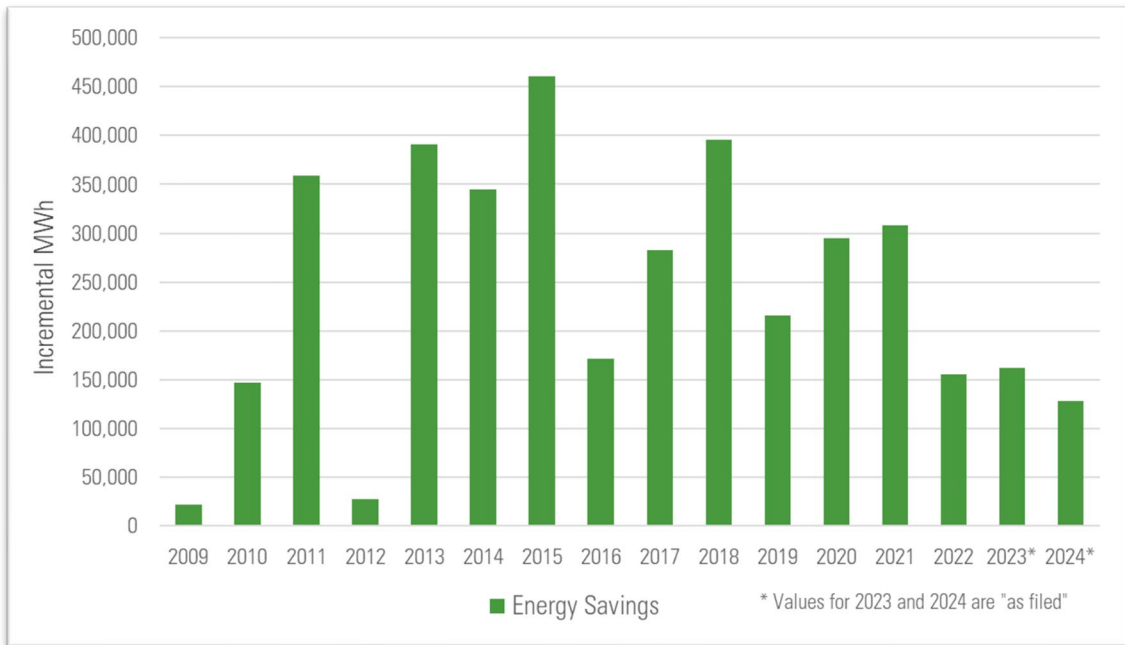
15 A. In short, investments in energy efficiency and demand response programs
16 are up, driving savings in energy and demand. These savings help to delay and avoid other
17 investments, decreasing customer's bills over time. Additionally, other benefits discussed
18 further below are realized by all customers and throughout the state.

1 **Q. The Plan proposes energy efficiency and demand response goals. Please**
2 **describe Ameren Missouri's commitment to energy efficiency and demand response.**

3 A. Historically, Ameren Missouri has designed and delivered on successful
4 MEEIA portfolios that benefit our customers, communities, and the state.

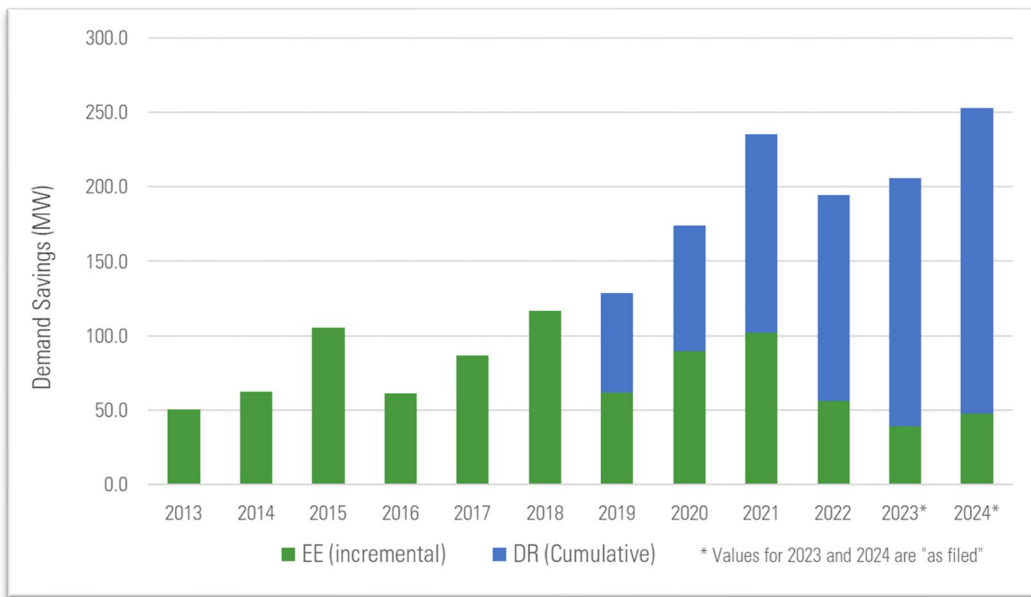
5 The Company has implemented programs since 2009, and consistently
6 delivered strong energy and demand savings, as shown below in Figures 1a & 1b.

7 **Figure 1a – Historical Ameren Missouri Energy Efficiency Program Energy Savings**



1
2

Figure 1b – Historical Ameren Missouri Energy Efficiency Program Demand Savings



3 Furthermore, from 2013 – 2022, Ameren Missouri's MEEIA portolios delivered
4 \$1.3 billion in cumulative net benefits to our customers.⁵

5 **Q. Are there added economic and other benefits to be gained for the**
6 **Ameren Missouri service territory with the implementation of the Plan?**

7 A. It is important that a MEEIA portfolio helps offset otherwise needed supply-
8 side resources and related infrastructure, supports customers' ability to manage usage more
9 effectively, which in turn helps to lower customer bills. The Commission has offered
10 direction that beyond this, MEEIA portfolios should encourage utilities "...to increase

⁵ See File No. EO-2012-0142, EMV Auditor Final Report, filed on August 27, 2014; File No. EO-2012-0142, Final EMV Auditor Report, filed on June 23, 2015; File No. EO-2012-0142, Final EMV Auditor Report, filed on August 31, 2016; File No. EO-2015-0055, Final EMV Auditor Report, filed on July 31, 2017; File No. EO-2015-0055, Final EMV Auditor Report, filed on July 24, 2018; File No. EO-2015-0055, Final EMV Auditor Report, filed on July 26, 2019; File No. EO-2018-0211, Final EMV Auditor Report, filed on July 2, 2020; File No. EO-2018-0211, Final EMV Auditor Report, filed on June 24, 2021; File No. EO-2018-0211, Final EMV Auditor Report, filed on June 23, 2022; and File No. EO-2018-0211 Final EMV Auditor Report, filed on June 23, 2023.

1 *customer participation in energy efficiency programs...Additionally, the Commission*
2 *recognizes that benefits from a reduction in a customer's bill is not the only benefit to*
3 *customers. There are also societal benefits, such as improved health and safety, investment*
4 *in local economies, and local job creation."*⁶

5 The added benefits cannot be discounted or set aside. They are real, impactful and
6 affect the quality of life for our customers in our communities. For example, Ameren
7 Missouri's energy efficiency and demand response portfolio is projected to create 2,710
8 jobs.⁷

9 Customers experience health and safety benefits. Specifically, increasing data show
10 the positive impacts of a well-designed and delivered energy efficiency and demand
11 response portfolio on the health and safety of all. The Midwest Energy Efficiency Alliance
12 ("MEEA") states in its 2023 Health Benefits in Energy Efficiency – How Saving Energy
13 Saves Lives, "[e]nergy efficiency doesn't just save energy and money, it can also help
14 present and alleviate serious health issues, including respiratory and heart diseases. When
15 we invest in energy efficiency, we simultaneously lower our energy costs and improve
16 community health....Negative health effects, triggered by poor indoor environmental
17 quality, make up nearly 14% of healthcare costs today."⁸ Ranges vary broadly across
18 studies in the annual savings from avoided health care costs due to energy efficiency, but
19 most are in the hundreds of millions to billions of dollars. It is hard to doubt that the Plan
20 would not also positively contribute to moving these numbers in a positive direction.

⁶ See File No. EO-2019-0132, *In the Matter of Evergy Missouri Metro and Evergy Missouri West's Applications For Authority to Establish Demand Side Programs Investment Mechanism*, Report and Order issued December 11, 2019 at 13-14, paragraphs 36, 39, and 40.

⁷ 2023 MPS_RAP_MAP_LF Job Impact v2.xlsx, in workpapers of this filing

⁸ *Health Benefits of Energy Efficiency: How Saving Energy Saves Lives*, pages 1 and 2.

1 Additionally, Lawrence Berkeley National Laboratory ("LBNL") published a
2 report in August of 2020, sponsored by the United States Government.⁹ LBNL studied the
3 impacts of building efficiency adoption when public health impacts are and are not
4 considered.

5 The LBNL report found that health benefits are not a matter of "if," but instead a
6 matter of "how much" and "how we should consider them to drive adoption."

7 The report provides in part:

8 Improved public health is an important non-energy benefit that is largely
9 absent from assessments of building efficiency program impacts at scale.
10 Accordingly, such assessments underestimate the value of building
11 efficiency as a means to improve health and well-being.
12 . . .

13 In addition to providing economic benefits related to reduced energy use,
14 energy efficiency delivers important non-energy benefits. For example, the
15 International Energy Agency (IEA) has found that energy efficiency can
16 alleviate poverty, increase energy access, and improve public health and
17 well-being (IEA 2019). Public health benefits include both improvements
18 to physical health, such as those resulting from reduced air pollution, and
19 improvements to mental health, which come from alleviating thermal
20 discomfort and anxiety related to fuel poverty (Liddell and Morris 2010). In
21 addition, many studies have found efficiency measures can improve health
22 through better indoor environments (Wilson et al. 2016).¹⁰
23

24 The LBNR summarized its findings as follows:

25 Most economic assessments of U.S. building efficiency potential –
26 especially at the national scale – do not address the value of non-energy
27 benefits, such as those related to improved public health. This omission of
28 non-energy benefits precludes decision-makers from fully characterizing
29 the value of building efficiency when making technology research and
30 development investment decisions.

31 . . . Further, from the consumer perspective, pricing public health benefits
32 into the operational costs of individual building efficiency measures and

⁹ *Attaching public health benefits to building efficiency measures at the national and regional scales.* Lawrence Berkeley National Laboratory, U.S. Department of Energy. Published August 2020.

¹⁰ *Attaching public health benefits to building efficiency measures at the national and regional scales,* at page 1 of the Abstract (page 3 of the workpaper pdf). Lawrence Berkeley National Laboratory, U.S. Department of Energy. Published August 2020.

1 associated cost effectiveness assessments can substantially improve
2 measure adoption potential by reducing expected payback times on initial
3 investments.¹¹

4 These studies demonstrate energy efficiency adoption improves public health, and
5 consideration of public health impacts from energy efficiency speeds up energy efficiency
6 adoption.

7 **Q. Has Ameren Missouri intentionally designed opportunities to increase**
8 **customer participation in the portfolio through this Plan?**

9 A. Yes. The Company continues to design a multitude of ways to open and
10 increase the amount of customer participation in our programs. We are excited to open as
11 many avenues as possible for customer participation, as direct participation allows
12 customers the opportunity to lower bills, manage usage, increase comfort, and more. While
13 all customers benefit from a successful portfolio, customers benefit even more by direct
14 participation in appropriate programs for them in that same portfolio.

15 A few examples of how we are working to keep customer participation high and
16 increase it, are moving towards a three year cycle versus a one year extension; continuing
17 our one-stop-shop approach for our multifamily income-eligible program (which
18 encourages property owners along their energy efficiency journey and enables easy
19 engagement); enabling our customers throughout our education programs with the
20 information and skills they need to capture all the benefits the Company's MEEIA portfolio
21 provides; providing energy savings measure packages directly to organizations that can
22 provide education and qualified installation of measures to income-eligible residential end-
23 users; providing program messaging designed to address barriers to participation; and

¹¹ *Id.* at pp.10-11, Discussion and Conclusions Section (page 12-14 of pdf workpaper).

1 strengthening our residential Pay As You Save (PAYS) offering, which allows customers
2 a financing option to remove the upfront cost barrier.

3 **Q. Has the Commission approved Ameren Missouri's energy efficiency**
4 **and demand response plans in the past?**

5 A. Yes, Ameren Missouri has received Commission approval for MEEIA plans
6 with MEEIA 2013–15,¹² MEEIA 2016–18,¹³ and MEEIA 2019–21¹⁴ (including extensions
7 for PY22,¹⁵ PY23,¹⁶ and PY24¹⁷).

8 **Q. When did the Commission last approve energy efficiency plans for the**
9 **Ameren Missouri service territory?**

10 A. Most recently, the Commission approved a PY2024 extension for MEEIA
11 2019–21 on August 23, 2023.

12 **Q. Were the Commission-approved plans considered in the development**
13 **of the Plan that is being presented currently for Commission approval?**

14 A. Yes.

¹² See File No. EO-2012-0142, Order Approving Stipulation and Agreement, effective on August 11, 2012.

¹³ See File No. EO-2015-0055, Order Approving Non-Unanimous Stipulation and Agreement, effective on March 1, 2016.

¹⁴ See File No. EO-2018-0211, Order Approving Stipulation V2. Effective on January 4, 2019.

¹⁵ See File No. EO-2018-0211, Order Approving Stipulation and Agreement, effective on September 4, 2020.

¹⁶ See File No. EO-2018-0211, Order Approving Agreement, effective on November 12, 2021.

¹⁷ See File No. EO-2018-0211, Order Approving Agreement and Tariff Regarding Extension of PY 2024, effective on September 2, 2023.

1 **VI. PLANNING PROCESS**

2 **Q. The Plan was originally filed back on March 27, 2023, with the**
3 **Commission. Please describe the planning process.**

4 A. In the fall of 2021, shortly after the Commission approved the PY2023
5 extension of MEEIA 2019–21 on October 27, 2021, the Company began formal internal
6 planning, research, and design for the Plan. This included a shift in assignments to ensure
7 dedicated project management to the effort.

8 **Q. Please describe the stakeholder discussions and filing soon after in early**
9 **2022 that contemplated the 2023 DSM MPS data.**

10 A. In early 2022, ongoing formal workshops on the Plan had not yet begun.
11 However, through initial discussions and informal stakeholder conversations, many were
12 aware of our intent to file and some high-level details. During those talks, uncertainty was
13 raised on what DSM market potential study data would be used to feed our filing. To
14 summarize the competing questions at the time:

15 Would Ameren Missouri use the results from the 2020 DSM Market
16 Potential Study ("2020 DSM MPS"),¹⁸ which fed Ameren Missouri's 2020
17 Integrated Resource Plan (IRP) filing¹⁹ and 2022 Change in Preferred Plan
18 filing?²⁰

19 Or would the Company use results from the (at the time) currently occurring
20 2023 DSM MPS, to be completed in early 2023, which would feed Ameren
21 Missouri's late September 2023 IRP?

22 The Company expressed the desire to use the 2020 DSM MPS and related IRP, to
23 then update the Plan as Ameren Missouri learned more in future months and years. The

¹⁸ Ameren Final MPS_03-010-2020_with appendices, in workpapers to this filing.

¹⁹ See File No. EO-2021-0021.

²⁰ See File No. EO-2022-0362.

1 Office of Public Counsel (OPC) expressed a preference for the Company to wait to finalize
2 the 2023 DSM MPS, before filing the Plan.

3 After further discussion, the Company was unable to come to a resolution with
4 stakeholders. The OPC filed a motion with the Commission under MEEIA 2019–21,
5 requesting that "*...the Commission either (1) order Ameren Missouri to use its 2022 market
6 potential study to inform its 2024-2026 MEEIA application, or (2) provide written or
7 verbal affirmation that the Commission agrees with the OPC's concerns as explained in
8 Dr. Marke's verified memorandum.*"²¹

9 The Commission issued an order on April 13, 2022, stating that "*...The Commission
10 will not attempt to impose such adjustments on the parties, but will encourage the parties
11 to work together to devise a timeline that will be acceptable to all.*"²²

12 **Q. How did Ameren Missouri proceed with stakeholders from this ruling
13 to continue moving forward on the Plan?**

14 A. Following the Commission order, Ameren Missouri worked with OPC,
15 Staff and other stakeholders, along with its contractor on the DSM market potential study,
16 GDS Associates, Inc, to develop a timeline and order of deliverables that would allow the
17 updated market potential study to inform the Plan. Ameren Missouri's witness, Mr. Huber,
18 will speak to these details further in his testimony.

²¹ See File No. EO-2012-0142, Motion for Commission Order and Memorandum, filed March 14, 2022.

²² See File No. EO-2012-0142, Order Regarding OPC's Motion, issued April 13, 2022.

1 **Q. How often did Ameren Missouri meet with stakeholders in 2022 and**
2 **leading up to the filing?**

3 A. Ameren Missouri held a series of fifteen workshops for stakeholders on the
4 Plan and related 2023 DSM MPS.²³ The presentations from the workshops included as
5 workpapers in this filing.

6 In addition to the workshops, informal discussions between stakeholders happened
7 somewhat frequently throughout that same period, leading up to the March 27, 2023 filing
8 of the Plan. Prior to filing, Staff and OPC requested to see a copy of the main report ahead
9 of the filing. And Ameren Missouri provided a copy for Staff and OPC to review well in
10 advance of the filing.

11 In short, from initial interactions with stakeholders at the beginning of the Plan's
12 formation, all the way to leading up to the March 27, 2023, filing, the Company provided
13 the opportunity to collaborate with stakeholders consistently on the Plan, and with key
14 potential details, for well over a year.

²³ The workshop dates include: **January 27, 2022**, Ameren Missouri MEEIA Program Development; **April 27, 2022**, MPS Kick-off Meeting; **June 9, 2022**, MEEIA 4 – RFP update & MPS Discussion; **July 21, 2022**, MPS Sensitivities Discussion; **July 27, 2022**, MEEIA 4 RFP update & Portfolio Design; **August 24, 2022**, MEEIA 4 Residential & Low-Income Portfolio; **September 14, 2022**, MEEIA 4 Business Energy Efficiency and Demand Response; **September 14, 2022**, MPS Draft Results; **September 21, 2022**, Load Flexibility Analysis; **October 12, 2022**, MEEIA 4 EM&V and Portfolio Design; **October 26, 2022**, MEEIA 4 DSIM Framework, 6-Year Plan, Mid-Cycle Adjustments; **November 22, 2022**, Pilot Innovation Program Process, Earnings Opportunity; **December 12, 2022**, Updated Results & Sensitivities; **May 11, 2023**, MPS results Overview; and **October 18, 2023**, Technical Workshop – Submittal Tool and DSMore.

1 **Q. Were any major adjustments made to the Plan before the March 27,**
2 **2023, filing based on the Company’s consideration of Staff/OPC feedback? If so,**
3 **please explain those and the drivers behind them.**

4 A. Yes, the two material adjustments made to the plan came in the months
5 leading up to this filing. First, the Company had intended for over a year to file in December
6 2022, and ultimately adjusted that date to March 27, 2023, to accommodate requests by
7 stakeholders. Second, based on stakeholder feedback, the Company adjusted the period
8 covering the Plan from a full six years to a full three years.

9 **Q. Describe what happened in the weeks and months following the March**
10 **27, 2023, filing of the Plan.**

11 A. Most notably, the OPC and Staff filed on April 6, 2023, in opposition to the
12 procedural schedule as, "*...the times allowed for review in Ameren's proposed procedural*
13 *schedule are insufficient.*"²⁴

14 A series of discussions commenced, and in the course of concluding the
15 discussions, all parties agreed to work towards negotiating a PY2024 extension of MEEIA
16 2019–21, allowing for additional time to work together through key topics on our March
17 27, 2023, filing.

18 On August 3, 2023, a non-unanimous stipulation and agreement was filed with the
19 Commission for a PY2024 extension²⁵ and the Commission approved the stipulation and
20 agreement on August 23, 2023.

²⁴ See File No. EO-2023-0136, *Response in Opposition to Motion to Adopt Procedural Schedule*, filed on April 6, 2023.

²⁵ See File No. EO-2018-0211, *Nonunanimous Stipulation and Agreement MEEIA 3 PY24*, filed on August 2, 2023.

1 **Q. Once the one-year extension was approved for PY2024, what did that**
2 **mean for this docket?**

3 A. As part of the approved stipulation and agreement, it stated that "*...After*
4 *jointly filing the MEEIA 3 extension for 2024, Ameren Missouri, Staff and OPC will work*
5 *to:*

- 6 • *Schedule a series of workshops related to the MEEIA 4 filing – agreed to*
7 *within one month of filing.*
- 8 • *Workshops will entail:*
 - 9 ○ *Further and fully covering any data requests information desired*
10 *that may not yet be answered (e.g., citations, references,*
11 *workpapers, etc...)*
 - 12 ○ *Upcoming 2023 Integrated Resource Plan (IRP) filing (including*
13 *current and future Certificates of Convenience and Necessity (CCN)*
14 *applications)*
 - 15 ○ *IRA guidance and impact to MEEIA*
 - 16 ○ *Other material topics that could impact MEEIA (e.g., MISO*
17 *Planning Reserve Auction, Commission rulings on time of use*
18 *(TOU) rates, etc...)*
 - 19 ○ *These workshops will be open to all intervenors in MEEIA 4."*

20 **Q. Please describe the efforts since the approval of the stipulation and**
21 **agreement.**

22 A. On August 18, 2023, Ameren Missouri contacted OPC and Staff with a
23 proposed set of workshop topics and schedule. The parties begun discussions, and on

1 August 24, 2023, Staff communicated their preference on which topic to cover first.
2 Additionally, Staff communicated the timing of the first workshop needed to wait until
3 October 18, 2023, due to Staff's workload.

4 Ameren Missouri conducted a workshop on October 18 from 10:00 AM – 3:00 PM
5 (both in-person and virtual). The in-person portion was held in Jefferson City. The topics
6 included:

- 7 • MEEIA 4 Workpaper Source Data
- 8 • MEEIA 4 Data Requests
- 9 • MEEIA 4 Submittal Tool and DSMore Tutorial

10 Ameren Missouri provided stakeholders with, resources related to the workshop
11 objectives, the updated approved procedural schedule, DSMore, the submittal tool,
12 directories of workpapers for the MEEIA 4 application and the most recent DSM Market
13 Potential Study, data for some of the more than 100 already worked on data requests, and
14 next steps for the workshops.

15 After the workshop, Ameren Missouri contacted all participants via email (October
16 19, 2023) with the resources presented during the previous workshop and the Company's
17 proposal on how to move forward with action items and future workshops. The Company's
18 proposal consolidated the remaining topics into two potential workshops since the filing
19 date for the Company's direct testimony and amended application was fast approaching.

20 Although Ameren Missouri attempted to schedule additional workshops prior to
21 the filing, the stakeholders were unable to meet due to scheduling conflicts. However,
22 OPC was able to schedule a statewide workshop to discuss energy efficiency topics that
23 relate to Ameren Missouri's proposed MEEIA 4 Plan. The Company met with Staff, OPC,

1 Renew MO, Evergy, Liberty, Spire, and other key stakeholders on January 10, 2024. More
2 than a dozen key MEEIA topics were discussed which will help inform future MEEIA
3 discussions both related to this filing and moving forward in general.

4 **Q. Please explain why it is even better to proceed with a new MEEIA cycle**
5 **under the Plan, versus continuing to explore extensions of MEEIA 3.**

6 A. Ameren Missouri appreciates the opportunity to file the next MEEIA cycle
7 in front of the Commission, and the Commission's deliberations on prior MEEIA filings.
8 To be clear, the tenets of a well-designed and executed MEEIA portfolio exist today. Given
9 that, Ameren Missouri believes that all parties would continue to benefit from an extension
10 to MEEIA 3.

11 Nonetheless, there are enhancements that would be in the best interest of the
12 customers, and which are often not considered when extending a current cycle. Those
13 enhancements include materially increasing the budget for low-income programs; re-
14 designing evaluation, measurement, and verification ("EM&V") to a more prospective
15 nature; growing the portfolio contingency; increasing the budgets; changing the earnings
16 opportunity to be more explicitly based on energy and demand savings; and formally
17 including a process (with funding) for pilot/innovative programs.

18 Each of these areas are discussed more in the main report attached as Schedule
19 AML-D1 to my testimony.

1 **VII. CHANGES FROM THE MARCH FILING**

2 **Q. Please describe material changes to the Plan in this filing, compared to**
3 **the March 27, 2023, version of the filing, and provide a short summary as to why the**
4 **changes are appropriate.**

5 A. The most impactful changes are discussed below.

- 6 • The overall timeline has been updated from January 1, 2024 – December
7 31, 2026, to January 1, 2025 - December 31, 2027, for all programs to
8 account for an updated three year period. In addition, Demand Response
9 will extend to February 29, 2028, to account for the full winter season as
10 part of MISO's planning resource auction (PRA).
- 11 • The avoided costs have been updated, to be aligned with the 2023 IRP.
- 12 • The Company has updated the inclusion of opt-out customers and Demand
13 Response MW savings, based on participant enrollment for the 2024
14 program year.
- 15 • The cost effective calculations for the Demand Response programs have
16 been updated from a 10-11 year period to 1 year to simplify cost
17 effectiveness calculations in alignment with our evaluation contractor and
18 the most recent Technical Resource Manual (TRM).
- 19 • The spend for the Business Social Services (BSS) program has increased in
20 alignment with current and projected participation.

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VIII. TOPICS OF INTEREST

Q. Topic of Interest 1 – Describe how this filing aligns with Ameren Missouri's recently filed Integrated Resource Plan (IRP).

A. Ameren Missouri's IRP analysis is the most relevant tool to define all cost-effective demand-side savings. As part of the IRP, the Company analyzed a variety of demand-side portfolios; including Realistic Achievable Potential ("RAP"), Maximum Achievable Potential ("MAP"), and a Mid-Case Portfolio, as well as portfolios where energy efficiency and demand response were offered together and separated. In addition to analyzing a variety of demand-side portfolios, the Company's IRP analyzed those demand-side portfolios against competing supply-side alternatives and weighed the various resource plans against its decision-making criteria. The Company's IRP calls for the adoption of the RAP Energy Efficiency and Demand savings targets, and the goals in the Plan are consistent with the IRP.

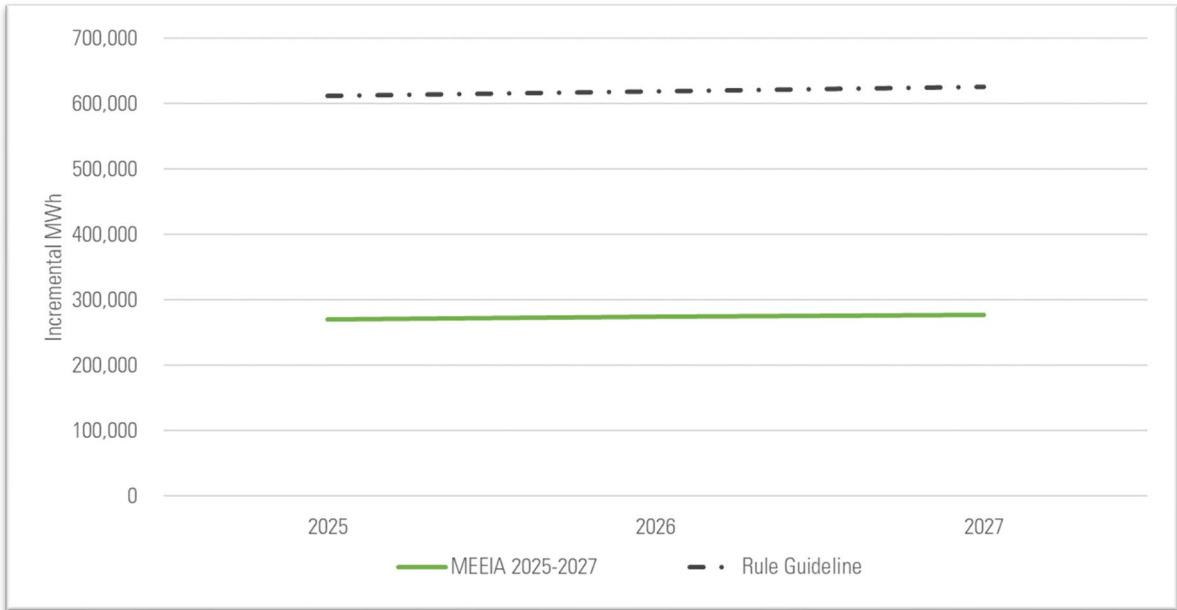
The Commission's MEEIA rules provide guidelines to review progress towards the goal of all cost-effective demand-side savings. The provided guideline is the greater of Realistic Achievable Potential or a list of savings percentages. According to the listed savings percentages, the incremental energy reduction guidelines is an ongoing 1.9% reduction for the ninth and all subsequent years while the incremental demand reduction targets are 1% per year.²⁶

The rules provide further guidance for cumulative savings by program year. The figures below compare the Plan portfolio to the non-mandatory MEEIA guidelines. From Figures 2 and 3 below, it is apparent that the energy savings percent guidelines in the

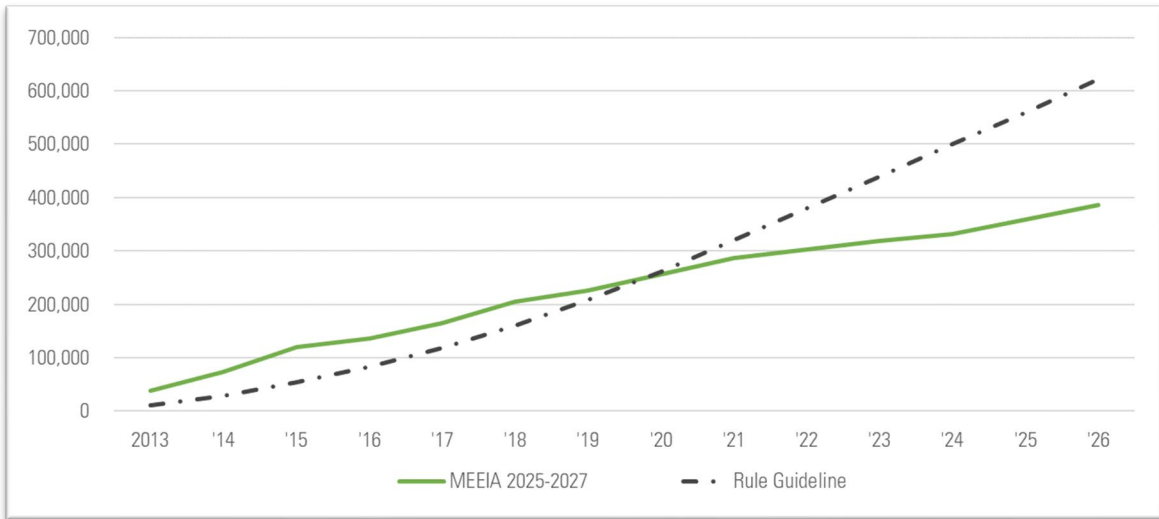
²⁶ 20 CSR 4240-20.094(2)(A)9.

- 1 Commission's MEEIA rules are much more aggressive than the Realistic Achievable
- 2 Potential portfolio.

3 **Figure 2 – Comparison to Incremental Energy Savings Guidelines**



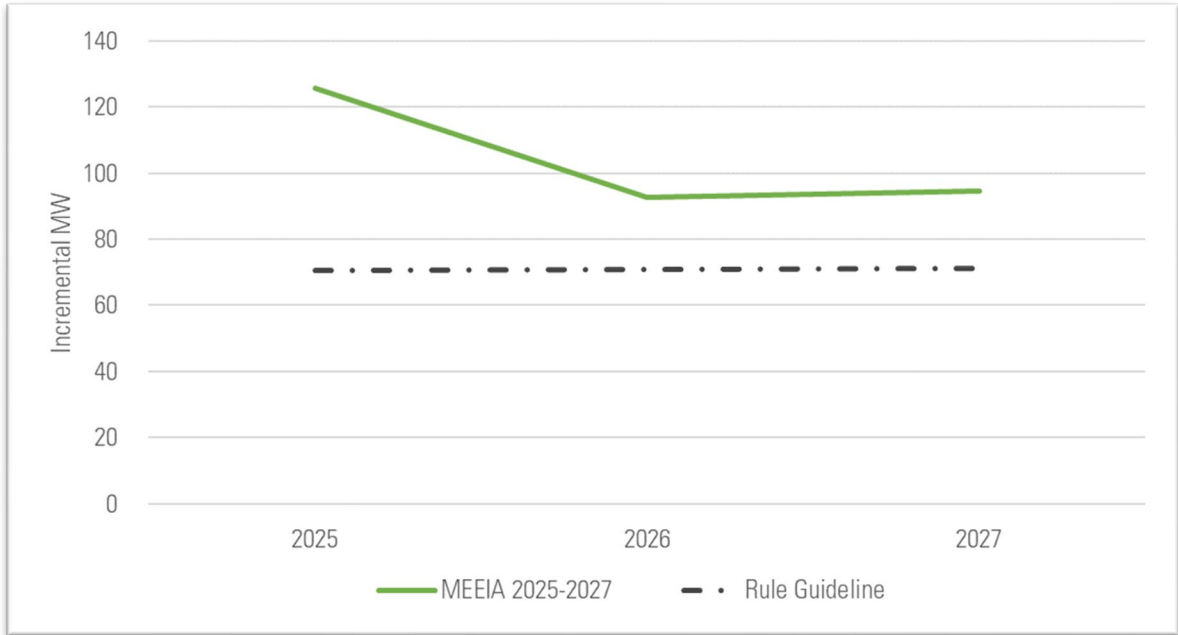
4 **Figure 3 – Comparison to Cumulative Energy Savings Guidelines**



- 5 Even though the Plan incremental energy savings are below the percent guidelines
- 6 found in the Commission's MEEIA rules, the cumulative chart demonstrates the ongoing

1 significant progress reflected in the Plan. In contrast, Figures 4 and 5 demonstrate that the
2 Company's incremental and cumulative demand savings goals exceed the percent
3 guidelines in the Commission's MEEIA rules. Together, the charts demonstrate that the
4 Company is making progress towards all cost-effective demand-side savings. This is
5 especially clear given the context of the situation: the Company's IRP evaluated multiple
6 demand-side portfolios (including more aggressive portfolios) and determined that
7 Realistic Achievable Potential is the appropriate portfolio.

8 **Figure 4 – Comparison to Incremental Demand Savings Guidelines**



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Figure 5 – Comparison to Cumulative Demand Savings Guidelines



2 The Company analyzed a plan with no additional DSM (Plan I). When compared
3 to the Preferred Plan, one can see the difference in supply-side needs between the two plans
4 – specifically in the fact that Plan I with no additional DSM instead relies on two additional
5 combined cycle plants within the planning horizon to ensure that customers’ higher
6 resulting energy and capacity needs could be met. Independently, transmission and
7 distribution (T&D) are based on generalized incremental costs, including other factors to
8 determine what portion of costs are avoidable given the multitude of factors that drive grid
9 investment. While Ameren Missouri's IRP shows that additional DSM will avoid some
10 T&D investment, specific T&D investments that are deferred are not identified.

11 **Q. Topic of Interest 2 – Please describe Ameren Missouri’s demand**
12 **response portfolio as part of this Plan and related benefits.**

13 A. The Company originated demand response programs earlier in the current
14 MEEIA cycle, MEEIA 2019–21. With the PY 2024 extension, the filed cumulative targets

1 for business are 137 MWs and for residential, 68 MWs. Also included in the PY 2024
2 stipulation and agreement, business opt-out customers are now allowed to participate.

3 As stated in Ameren Missouri's response to File No. EW-2021-0267, "*[t]he Company's*
4 *programs provide opportunities for its retail customers to earn predictable incentives in*
5 *exchange for their willingness to provide load reductions that can benefit the system and*
6 *all of the Company's retail customers served by it, both economically and with respect to*
7 *reliability. These programs are an invaluable part of the Company's resource planning*
8 *and resource adequacy efforts, which benefits all customers.*"²⁷

9 **Q. The Commission recently ruled to partially allow aggregators of retail**
10 **customers ("ARCs") to participate in the state. How does this outcome impact the**
11 **Plan?**

12 A. Ameren Missouri reviewed the potential impact of ARCs to future
13 portfolios and will continue its analysis as participation increases. While the details of our
14 programs and ARC offerings evolve, it is difficult to determine what those changes will be
15 and how customers will react accordingly.

16 **Q. Topic of Interest 3 – Please discuss federal funding and potential**
17 **impacts to the Plan.**

18 A. This has been discussed and laid out directly in the Company's most recent
19 IRP filing, for which I will denote and provide commentary on a few items.

20 In Section 8.6.3 of Chapter 8 of the 2023 IRP, the Company states "*[s]ince the*
21 *introduction of historic energy efficiency and electrification funds via the Inflation*

²⁷ See File No. EW-2021-0267, *In the Matter of the Establishment of a Working Case Regarding FERC Order 2222 Regarding Participation of Distributed Energy Resource Aggregators in Markets Organized by Regional Transmission Organizations and Independent System Operators*, Ameren Missouri's Respons to Opportunity For Additional Comments at page 2, filed June 22, 2003.

1 *Reduction Act (IRA), the Ameren Missouri DSM team has been gathering available*
2 *information and attempting to understand potential impacts to the future DSM portfolios.*
3 *Federal funds are presented in several streams, some of which are more easily integrated*
4 *into the analysis at this time (tax credits) and others which have much left to be determined*
5 *(Home Energy Rebate programs). The 2023 MPS included assumptions about the IRA in*
6 *the base case for EE and DR. Tax credit impacts as well as modifications to adoption rates*
7 *to reflect additional participation as a result of IRA funds were included for EE. For DER,*
8 *tax credits were factored into the cost-effectiveness screening."²⁸*

9 To summarize, the Company is monitoring impacts the IRA and the requirements
10 under the law. Ameren Missouri included the potential impacts in the 2023 DSM MPS
11 which has informed this Plan.

12 In its 2023 IRP, the Company also states, "*[a]lthough the dollar amounts within*
13 *the IRA appear significant, only a fraction of those dollars will be accessible for EE*
14 *upgrades, making it more important than ever for Ameren Missouri MEEIA programs to*
15 *receive approval for as filed or RAP level budgets. For example, Missouri is allocated*
16 *\$151M towards the Home Energy Rebate (HER) programs with 20% of those funds to be*
17 *used for administrative costs. Based on Ameren Missouri's territory size, it could be*
18 *assumed that somewhere around 50% of those funds could go towards Ameren's Missouri*
19 *customer base. After these inputs, the combined budget for the two HER programs over a*
20 *10-year period would be \$45,300,000. This means that the programs would receive roughly*

²⁸ See File No. EO-2024-0020, *In the Matter of Union Electric Company d/b/a Ameren Missouri's 2023 Utility Resource Filing Pursuant to 20 CSR 4240 – Chapter 22, Chapter 8, page 37, section 8.6.3, filed September 26, 2023.*

1 *\$4.53M annually in rebates – roughly the size of Ameren Missouri's Multifamily Income*
2 *Eligible program in 2023.*"²⁹

3 The dollars available to the Ameren Missouri customer pale in comparison to the
4 RAP levels in the most recent DSM MPS, which informed both the Company's Preferred
5 Plan in the 2023 IRP and this Plan.

6 And finally, "*Federal funds will need to be carefully allocated and administered to*
7 *maximize their impact. The state should use all available resources to develop the*
8 *programs to ensure they are not competing with utility programs and instead are braided*
9 *into existing program structures to leverage both the utility rebates and federal funds to*
10 *stretch customer and taxpayer dollars further. Stacking these rebates and providing*
11 *utilities attribution of savings for projects which have utility program influence will be*
12 *critical to ensuring the MEEIA programs are able to operate effectively and have*
13 *meaningful benefits to customers and energy use reduction alike. Ameren Missouri will*
14 *continue to remain engaged in state and stakeholder discussions regarding the IRA topic.*
15 *As more information becomes available, the DSM team will work to incorporate it into*
16 *planning efforts.*"³⁰

17 Utilities, including Ameren Missouri, are best positioned to combine these rebates
18 with the current portfolios to deliver benefits to customers as efficiently and effectively as
19 possible.

²⁹ *Id.*

³⁰ *Id.*

1 **Q. Topic of Interest 4 – With the March 27, 2023, filing of the Company's**
2 **Plan, some stakeholders expressed concerns with the ability to follow and fully verify**
3 **all data. Explain what has happened since, and what changes have been made to this**
4 **filing.**

5 A. As referenced above, the October 18, 2023, workshop provided an
6 opportunity for stakeholders to make progress on this front. Additionally, Mr.
7 Brueggemann's testimony explains the information provided in that workshop, including
8 an explanation of where the information can be located within the filing to help
9 stakeholders navigate the data.

10 **Q. Topic of Interest 5 – Ameren Missouri is proposing changes to EM&V**
11 **as part of this new MEEIA cycle. Please summarize those.**

12 A. While the company's prior MEEIA cycles have used retrospective
13 evaluation, we are proposing to move towards prospective evaluations.

14 Moving forward with this proposal would mean:

- 15 • Evaluation results are only used to update the deemed values for future
16 years, including inputs to deemed savings algorithms and net to gross ratios.
- 17 • Results from surveys conducted by the evaluator such as updated in-service
18 rates and other assumptions in the savings algorithms and the assessment
19 for free ridership and spillover for net to gross, be applied prospectively.
- 20 • The calculation of realization rates using data in the program tracking
21 system or discovered in site visits for large projects would still be applied
22 retrospectively.

1 Benefits for moving in this direction include implementers reducing their costs due
2 to lower risks from evaluation, the State Auditor would be able to focus their efforts during
3 the draft report review period, the potential for reports to be finalized faster exists, the
4 potential for reduced Change Requests is there, and a reduced amount of evaluation work
5 – many of these items would allow for lower total costs for the portfolio as a whole,
6 allowing for a greater percentage of the budget to go towards incentives paid to customers.

7 **Q. Topic of Interest 6 – Can you please talk about Ameren Missouri's**
8 **approach to incentives and administrative costs in the MEEIA portfolio?**

9 A. The proposed MEEIA portfolio delivers cost-effective demand-side savings for the
10 benefit of our customers, to help reduce their bills, increase participation in the MEEIA
11 offerings, invest in the communities we serve, and improve the health and safety of those
12 same communities. To do this, we consistently, prudently, and proactively seek out
13 opportunities to increase the percentage of incentives paid to our customers as compared
14 to administrative dollars. This includes selecting the most appropriate implementation
15 partners through a competitive bidding RFP process.

16 **IX. CONCLUSION**

17 **Q. Does this conclude your direct testimony?**

18 A. Yes, it does.

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

In the Matter of Union Electric Company)
d/b/a Ameren Missouri's 4th Filing to)
Implement Regulatory Changes in Furtherance) File No. EO-2023-0136
of Energy Efficiency as Allowed by MEEIA.)

AFFIDAVIT OF ANTONIO M. LOZANO

STATE OF MISSOURI)
)
CITY OF ST. LOUIS)

Antonio M. Lozano, being first duly sworn on his oath, states:

1. My name is Antonio M. Lozano. I work in the City of St. Louis, Missouri, and I am employed by Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri") as Director, Energy Solutions.

2. On his oath declare that he is of sound mind and lawful age; that he has prepared the foregoing *Direct Testimony*; and further, under the penalty of perjury, that the same is true and correct to the best of my knowledge and belief.

3. I have directed and participated in the preparation of the *Ameren Missouri 2025-27 MEEIA¹ Energy Efficiency Plan* and its associated appendices (collectively, "Report"), that I have knowledge of the Report in its entirety, and that the Report is true and correct to the best of my knowledge and belief.



Antonio M. Lozano

Sworn to me this 24th day of January, 2024.

¹ Missouri Energy Efficiency Investment Act.