

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

In the Matter of Union Electric Company d/b/a)
Ameren Missouri’s Filing to Implement Regulatory)
Changes in Furtherance of Energy Efficiency as)
Allowed by MEEIA.)
File No. EO-2012-0142

**STAFF’S POSITION STATEMENT AND RESPONSE TO OFFICE OF PUBLIC
COUNSEL’S STATEMENTS OF POSITION**

COMES NOW Staff of the Missouri Public Service Commission, by and through undersigned counsel, and hereby files Staff’s Position Statement and Response to Office of Public Counsel’s list of sub-issues, stating as follows:

Issues of Ameren Missouri and Staff:

- 1) What is the PY2013 Annual Energy Savings attributable to Ameren Missouri’s energy efficiency programs?

Position: The Staff supports the PY2013 annual energy savings of 369,500 MWh - the Joint Position of Staff and Ameren Missouri. The Joint Position falls nearly in the middle of the range of EM&V outcomes established by the Evaluators’ PY2013 EM&V final reports (Cadmus and ADM) and the Auditor’s PY2013 EM&V final report (Johnson Consulting Group, LLC.) as well as the initial Change Requests of Ameren Missouri and Staff. The Joint Position is a just and reasonable resolution of the initial competing Change Requests filed by Ameren Missouri and Staff and is supported by the evidence in this case of the EM&V of the Evaluators and the Auditor.

PY2013 Annual Energy Savings (MWh)

Ameren Missouri initial Change Request:	397,499
Evaluators:	390,039
<u>Joint Position:</u>	<u>369,500</u>
Auditor:	322,296
Staff initial Change Request:	310,041

- 2) What is the PY2013 annual net benefits amount for Ameren Missouri's energy efficiency program?

Position: The Staff supports the PY2013 annual net benefits amount attributable to Ameren Missouri's energy efficiency programs of \$129,925,000 - the Joint Position of Staff and Ameren Missouri. The Joint Position falls nearly in the middle of the range of EM&V outcomes established by the Evaluators' PY2013 EM&V final reports and the Auditor's PY2013 EM&V final report as well as the initial Change Requests of Ameren Missouri and Staff. The Joint Position is a just and reasonable resolution of the initial competing Change Requests filed by Ameren Missouri and Staff and is supported by the evidence in this case of the EM&V of the Evaluators and Auditor.

PY2013 Net Benefits

Ameren Missouri initial Change Request:	\$141,187,752
Evaluators:	\$136,425,329
<u>Joint Position:</u>	<u>\$129,925,000</u>
Auditor:	\$113,272,046
Staff initial Change Request:	\$109,602,961

Staff continues to support the portion of the Joint Position that calls for the stakeholders to work together in a collaborative effort as articulated in paragraph 9 of the *Non-Unanimous Stipulation And Agreement Settling the Program year 2013 Change Requests*:

The parties will work together to address revisions to the MEEIA rules such that any proposed revisions to the MEEIA rules are provided to the Missouri Public Service Commission no later than July 1, 2015. Further, the parties agree that the components of net-to-gross (“NTG”) ratios for purposes of calculating EM&V results, including for the performance incentive component of Ameren Missouri’s MEEIA programs, are free ridership, participant spillover, nonparticipant spillover and market effects, and also agree that the formula for determining NTG ratios is as follows: $NTG = 1.0 - \text{Free Ridership} + \text{Participant Spillover} + \text{Nonparticipant Spillover} + \text{Market Effects}$. The agreement in the preceding sentence does not bind any party to how any component of NTG ratios should be calculated, but the parties agree to make a best effort to determine how such components should be calculated through EM&V for the EM&V to be conducted for PY2014 and PY2015, and also agree to make a best effort to address the calculation of the NTG ratio components as part of the process of developing proposed revised MEEIA rules. In addition, the parties will make a best effort to agree by April 1, 2015 on how the EM&V contractors and the Commission’s Auditor should participate in any future Change Request dockets.

Staff recommends the Commission direct the parties to begin working immediately on a constructive stakeholder process – to include Cadmus, ADM, the Auditor, Ameren Missouri, Staff, Office of Public Counsel and other interested stakeholders – engaging the best efforts of all involved to achieve the objectives of paragraph 9. The importance of building a stakeholder process is underscored by the 2012 Stipulation which requires the first draft of the Evaluators’ EM&V reports for PY 2014 to be submitted on February 14, 2015 with the PY2014 EM&V final reports due on June 12, 2015 – even though a decision on PY 2013 EM&V is not expected until late February or early March 2015.

Sub-issues proposed by Office of Public Counsel are not required issues for Commission determination:

Staff disagrees with Public Counsel's addition of sub-issues to the two Issues proposed by Staff and Ameren Missouri. Paragraph 5.b.ii. of the *Unanimous Stipulation And Agreement Resolving Ameren Missouri's MEEIA Filing*¹, Original Sheet No. 90.1 of Rider EEIC, and Commission rule 4 CSR 240-20.093(2)(H) require only that the Commission determine the annual energy savings and annual net shared benefits for PY 2013 in this case. However, should the Commission take up OPC's sub-issues it would also need to make additional factual determinations based on the evidence. Within the body of evidence Public Counsel offers no evidence supported by EM&V that would persuade the Commission to prefer one adjustment to the Net-to-Gross ("NTG") ratios over another. Staff addresses OPC's sub-issues and required determinations individually.

Issue 1: What is the PY2013 annual energy savings attributable to Ameren Missouri's energy efficiency programs?

OPC's Proposed Sub-Issues to Issue 1:

A. Should the Commission adopt the evaluators' free rider estimates for Ameren's energy efficiency programs?

Staff's Position:

Public Counsel's sub-issue 1 A. is an over-broad blanket statement on free ridership that overlooks Ameren Missouri's specific energy efficiency programs. For the Commission to decide sub-issue 1 A., it would need to make the following free rider ("FR") determinations:

- Whether the FR adjustment for the residential Appliance program should be 38.6% as recommended by Cadmus or 22.0% as recommended by Ameren Missouri.

¹Referred to as the 2012 *Stipulation* filed on July 5, 2012 and approved by the Commission on August 1, 2012.

- Whether the FR adjustment for the residential Community program should be 4.2% as recommended by Cadmus or 2.0% as recommended by Ameren Missouri.
- Whether the FR adjustment for the residential Construction program should be 72.1% as recommended by Cadmus or 72.00% as recommended by Ameren Missouri.
- Whether the FR adjustment for the residential LightSavers program should be 21.0% as recommended by Cadmus or 20.0% as recommended by Ameren Missouri.
- Whether the FR adjustment for the residential Cool program should be 25.2% as recommended by Cadmus or 14.0% as recommended by Ameren Missouri.
- Whether the FR adjustment for the residential Performance program should be 16.5% as recommended by Cadmus or 7.0% as recommended by Ameren Missouri.
- Whether the FR adjustment for the residential Rebate program should be 14.7% as recommended by Cadmus or 8.0% as recommended by Ameren Missouri.
- Whether the FR adjustment for the business Custom program should be 7.0% as recommended by ADM or 6.5% as recommended by Ameren Missouri.
- Whether the FR adjustment for the business Standard program should be 5.0% as recommended by ADM or 4.0% as recommended by Ameren Missouri.
- Whether the FR adjustment for the business Construction program should be 6.0% as recommended by ADM or 5.0% as recommended by Ameren Missouri.
- Whether the FR for the business Retro-Commissioning program should be 33.0% as recommended by ADM or 27.4% as recommended by Ameren Missouri.

Public Counsel offers no evidence specific to Ameren Missouri's programs to support a preference of one adjustment over another.

B. Should the Commission adopt the auditor's participant spillover adjustment for the LightSavers program?

Staff's Position:

For the Commission to decide sub-issue 1. B., it would need to determine whether the participant spillover adjustment for the residential LightSavers program should be 25.0% as recommended by Cadmus or 7.5% as recommended by the Auditor. Public Counsel offers no evidence to support a preference of one adjustment over another.

C. Should the Commission adopt the evaluator's non-participant spillover estimates?

Staff's Position:

Public Counsel's sub-issue 1 C. is an over-broad blanket statement on non-participant spillover ("NPS") that overlooks Ameren Missouri's specific energy efficiency programs. For the Commission to decide sub-issue 1.C., it would need to make the following NPS determinations:

- Whether the NPS adjustment to the residential Appliance program should be 12.6% as recommended by Cadmus or 3.0% as recommended by the Auditor.
- Whether the NPS adjustment to the residential Community program should be 0.0% as recommended by Cadmus or 3.0% as recommended by the Auditor.
- Whether the NPS adjustment to the residential Construction program should be 0.0% as recommended by Cadmus or 3.0% as recommended by the Auditor.
- Whether the NPS adjustment to the residential Cool program should be 19.2% as recommended by Cadmus or 3.0% as recommended by the Auditor.
- Whether the NPS adjustment to the residential LightSavers program should be 0.8% as recommended by Cadmus or 3.0% as recommended by the Auditor.
- Whether the NPS adjustment to the residential Performance program should be 1.7% as recommended by Cadmus or 3.0% as recommended by the Auditor.
- Whether the NPS adjustment to the residential Rebate program should be 1.7% as recommended by Cadmus or 3.0% as recommended by the Auditor.

Public Counsel offers no evidence specific to Ameren Missouri's residential programs to support a preference of one adjustment over another.

D. Should the Commission adopt a market effects adjustment for the residential LightSavers program?

Staff's Position:

For the Commission to decide sub-issue 1. D., it would need to determine whether the market effects adjustment to the residential LightSavers program should be 18.0% as recommended by Cadmus, 5.4% as recommended by the Auditor, or 0.0% as recommended by OPC?

Public Counsel offers no evidence specific to Ameren Missouri's LightSavers program to support a preference of one adjustment over another.

- E. Should the Commission adopt a rebound effect adjustment for the residential LightSavers program?

Staff's Position:

No. No rebound adjustment was considered in the Ameren Missouri EM&V plan and Cadmus and the Auditor make no adjustment for a rebound effect in their EM&V work. For the Commission to decide sub-issue 1.E., it would need to determine whether a rebound effect adjustment to the residential LightSavers program should be 9.0% as recommended by OPC or 0.0% because rebound was not a part of the EM&V plan.

There is no EM&V performed on rebound effect on Ameren Missouri's LightSavers program and such an unsupported adjustment is not permissible. Public Counsel has not performed EM&V of Ameren Missouri's energy efficiency programs and can offer no original EM&V support for its proposed rebound adjustment. Commission rules 4 CSR 240-20.093(2)(C)3 and 240-20.093 (2)(H)3 require that energy and demand savings be measured and verified through EM&V.

- Issue 2: What is the PY2013 annual net benefits amount for Ameren Missouri's energy efficiency program?

OPC's Proposed Sub-Issues to Issue 2:

- A. Should the total resource cost test be used when calculating the annual net shared benefits amount?

Staff's Position:

No. Commission Rule 4 CSR 240-3.164(1)(X) defines total resource cost test to include "participant contributions". Such "participant contributions" are not included as costs in the Commission's definition of annual net shared benefits in rule 4 CSR 240-20.093(1)(C).

- B. Should the performance incentive be included in the net benefits calculation?

Staff's Position:

No. Under the *2012 Stipulation*, paragraph 5. b. ii. and Example No's 1 and 2 in Appendix B, the utility incentive award amount is not included as a cost in the calculation of annual net shared benefits.

Also, Appendix C to the 2012 *Stipulation*, 5th Revised Sheet No. 236, Residential Energy Efficiency definition of “Incentive” refers to “Any consideration provided by the Company...which encourages the adoption of Measures” and does not include treating the utility financial performance incentive as a program cost for determining annual net shared benefits. Further, OPC’s inclusion of the utility performance incentive in calculating net benefits fails due to circularity. Annual net shared benefits must be determined through EM&V for program years 2013, 2014 and 2015 before the performance incentive can be calculated because the amount of the performance incentive award is a percentage of the annual net shared benefits determined through EM&V for program years 2013, 2014 and 2015.

WHEREFORE, Staff respectfully requests the Commission accept its position statement and response to Office of Public Counsel’s statement of sub-issues.

Respectfully submitted,

/s/ Robert S. Berlin

Robert S. Berlin
Deputy Counsel
Missouri Bar No. 51709

Attorney for the Staff of the
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102
Phone (573) 526-7779
Facsimile (573) 751-9285
bob.berlin@psc.mo.gov

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been electronically mailed this 30th day of December, 2014 to all counsel of record in this proceeding.

/s/ Robert S. Berlin