

Exhibit No.:
Issues: *Energy efficiency adoption and market transformation; Other sources for energy efficiency funding*
Witness: *Mark Kiesling*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Direct Testimony*
Case No.: *EO-2023-0136*
Date Testimony Prepared: *March 1, 2024*

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

ENERGY RESOURCES DEPARTMENT

DIRECT TESTIMONY

OF

MARK KIESLING

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

CASE NO. EO-2023-0136

*Jefferson City, MO
March, 2024*

1 **DIRECT TESTIMONY**

2 **OF**

3 **MARK KIESLING**

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

6 **CASE NO. EA-2023-0286**

7 Q. Please state your name and business address.

8 A. Mark Kiesling, P.O. Box 360, Jefferson City, Missouri 65102.

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

10 A. I am a Senior Research and Data Analyst in the Energy Resources Department
11 of the Industry Analysis Division.

12 Q. Describe your educational background and work experience.

13 A. Please refer to the attached Schedule MBK-d1.

14 Q. Have you previously filed testimony before the Commission?

15 A. Yes, please refer to Schedule MBK-d1, attached to this direct testimony, for a
16 list of cases in which I have filed testimony or recommendations.

17 **EXECUTIVE SUMMARY**

18 Q. What is the purpose of your direct testimony?

19 A. I support Staff's overall recommendation in this case that it is not reasonable
20 at this time for the Commission to approve a MEEIA program portfolio and its corresponding
21 cost recovery. My direct testimony discusses The Energy Independence and Security Act
22 (EISA) standards and other energy efficiency funding sources.

1 **Energy Efficiency Adoption and Market Transformation**

2 Q. What are some ways the market for energy efficiency products has evolved
3 since the start of MEEIA?

4 A. The Energy Independence and Security Act (EISA) enacted by the
5 Federal Government in 2007 set baseline standards for production of energy efficient
6 products across several different areas. One targeted area was light bulbs. The EISA
7 minimum efficiency standards for light bulbs was set so that the old incandescent light bulbs
8 do not meet the new requirement and have essentially been phased out and eliminated, thus
9 evolving and creating the standard for light bulbs to eventually be LED. This is one example
10 of how the EISA standards are helping to transform the market with higher energy efficiency
11 products being produced across the board for a wide range of products and becoming the
12 only option for consumers. EISA standards continue to be raised to help ensure the most
13 energy efficient products are being produced. The EISA standards should be used to help
14 shape program designs for MEEIA programs. The standards could be used to help set a floor
15 or starting point for particular programs that EISA standards could be applied to.

16 **Other Sources for Energy Efficiency Funding**

17 Q. Are there other energy efficiency loan or rebate programs that are currently
18 available to Ameren ratepayers that they can utilize other than MEEIA programs?

19 A. Yes, there are several other programs that promote energy efficiency
20 upgrades. One example of this is a low interest loan program offered by the Missouri
21 Department of Natural Resources (DNR). This is a low interest loan program that provides
22 an avenue of funds to municipalities, school districts, and other organizations to allow them a
23 funding source to help upgrade particular areas to energy efficient products. This is just one

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1 example of a program that is available that is helping to promote energy efficiency, and
2 further supports how the market is transforming to higher energy efficient products. This is
3 also important to highlight how this program and others like it can influence Ameren's
4 MEEIA program goals and savings targets for these programs. Realizing programs like these
5 and other similar ones available in the marketplace could allow the utility to focus on gaps in
6 the market in which a utility's resources could be more beneficial. With other programs
7 existing and are providing energy efficiency upgrades opportunities to the public that are not
8 funded through utility rates, that could benefit all customers without the corresponding
9 increases in their bills. It would also protect ratepayers from impacts of free ridership, which
10 could possibly lead to skewed numbers that could be costing rate payers millions of dollars.

11 Q. Can DNR's low interest program and other similar programs being offered
12 influence MEEIA Cycle programs and savings goals?

13 A. Yes. Programs like DNR's low interest program and other programs that are
14 offered by other outlets can heavily influence Ameren's MEEIA program goals and savings
15 targets by creating a large number of free-ridership.¹ An example would be if a school
16 district in Ameren's service territory was awarded a low interest loan from DNR to upgrade
17 their heating, ventilation, and air conditioning (HVAC) system, and after the HVAC system
18 is installed, the school district could then apply to Ameren to receive rebates for the same
19 HVAC system. Even though the rebates likely were not the primary driver that incentivized
20 the school district to do the project, Ameren claims those savings for its program, taking full
21 credit for the savings from the upgrade. The school district was incentivized to do the project
22 because of the low interest loan awarded to them, not because of the rebates offered by

¹ Free riders are program participants who would have completed the same energy efficiency upgrade without the program. Per Opinion Dynamics Program Year 2021 Annual EM&V Report, Volume 2: Residential Portfolio Report, pg. 14.

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1 Ameren's MEEIA program. This is one example; numerous energy efficient programs,
2 loans, and grants are available to help promote energy efficiency that could potentially have
3 the same impact of free ridership as an end result. Ratepayers should not fund programs that
4 are often not the primary deciding factor for installing energy efficiency measures that
5 generate projects or savings.

6 Q. Are there any other programs that could lead to major free-ridership that could
7 really skew Ameren MEEIA programs and target savings numbers?

8 A. Yes, the Federal Inflation Reduction Act ("IRA") passed by the Federal
9 Government with funding beginning in 2025.

10 Q. What is the IRA?

11 A. The IRA is a Federally Funded program that is funneling millions of dollars into
12 Missouri to offer rebates to help promote energy efficiency upgrades to residents and
13 businesses of Missouri. Currently it is projected that more than \$150 million could be
14 available to Missouri residents to promote energy efficient upgrades in the following areas:
15 HVAC upgrades, heat pump upgrades, weatherization, and other areas. These federal funds
16 will be handled by the Missouri State Division of Energy ("DOE").

17 Q. How could this impact a future MEEIA Cycle?

18 A. The IRA could have major impacts on future MEEIA Cycles. The areas that
19 the IRA are targeting are some of the main areas of Ameren's MEEIA programs. This has
20 the potential for creating a lot of free-ridership similar to the DNR low interest loan program.
21 The rebates that could be offered through the IRA will very likely be the driving force for
22 these upgrades, guiding the citizens of Missouri, even the ones in Ameren's service territory,
23 to upgrade HVACs and other products around their houses. This could potentially lead to

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1 huge free-ridership numbers that could greatly affect Ameren's MEEIA programs since
2 Ameren customers can still apply for rebates from Ameren, even if the Ameren rebates are
3 not the primary driver for those Ameren customers moving forward with an energy
4 efficiency project. Customers could potentially try to use funds from the IRA to make
5 energy efficiency upgrades and then try to get Ameren rebates, even though the IRA funding
6 would be the driving force for the project and not MEEIA rebates. The MEEIA rebates
7 would be a handout, paid for by all other customers, to customers who would have moved
8 forward with an energy efficiency project absent the rebate. This potential scenario could
9 lead to inflated participant numbers and overestimate savings within the Ameren MEEIA
10 programs, when in reality it is simply a bunch of free-riders taking advantage of a handout
11 that is available and not really driving participation. This will need to be monitored or
12 tracked to ensure that the people aren't getting MEEIA rebates and IRA rebates for the same
13 project. It likely does not make sense to have a ratepayer funded program that offers rebates
14 and is costing ratepayers millions of dollars when those rebates are not the primary driver
15 influencing ratepayers toward energy efficiency. Ratepayers would be better off utilizing the
16 IRA funding to drive energy efficiency upgrades, which is a zero-cost program to them,
17 rather than paying higher rates to subsidize a MEEIA program that isn't benefiting all rate
18 payers. By allowing the IRA to drive energy efficiency upgrades and moving away from a
19 ratepayer funded programs, it would benefit all ratepayers of Ameren as they would be
20 saving millions of dollars annually. It also does not make sense to have a multiple-year
21 ratepayer funded MEEIA portfolio knowing that this is all a real possibility.

22 Q. Does this conclude your direct testimony?

23 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 4th Filing to Implement)
Regulatory Changes in Furtherance of Energy) Case No. EO-2023-0136
Efficiency as Allowed by MEEIA)
)

AFFIDAVIT OF MARK KIESLING

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW MARK KIESLING, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Direct Testimony of Mark Kiesling*; and that the same is true and correct according to his best knowledge and belief.

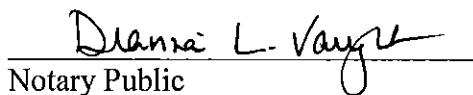
Further the Affiant sayeth not.


MARK KIESLING

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 28th day of February 2024.

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: July 18, 2027
Commission Number: 15207377


Notary Public

Mark Kiesling

CURRENT POSITION:

I am currently an Senior Research and Data Analyst in the Energy Resources Department, Industry Analysis Division, of the Missouri Public Service Commission.

EDUCATIONAL BACKGROUND & WORK EXPERIENCE:

I received my Bachelor of Science Degree in Marketing from Lincoln University in December of 2001. In October of 2014 I began employment with the Missouri Public Service Commission as a Utility Management Analyst II. In January of 2018, I was promoted to a Senior Research/Data Analyst.

Case Summary

Case Number	Company	Issues
EC-2015-0309	Kansas City Power & Light Company (Electric)	Policy/Complaint
SA-2015-0065	Missouri American Water	CCN Case
SA-2015-0150	Missouri American Water	CCN Case
SM-2017-0187	Lake Region Water & Sewer CO, Camden Public Water	Merger/Sale
SM-2018-0117	Confluence Rivers	Merger/Sale
WR-2017-0343	Gascony Water Company, INC	Policy
ER-2019-0374	Empire Electric	C&I Custom Rebate Program
EE-2020-0351	Ameren Missouri	Variance/Waiver for Commission Rule
ER-2021-0240	Ameren Missouri	Rate Case
ER-2022-0337	Ameren Missouri	Rate Case
EC-2023-0037	Ameren Missouri	Complaint