Exhibit No.:	
Issues:	*Plan I vs. Plan C, Foregone Earnings Opportunity, Reliability and Affordability, Staff's Alleged Failure to Address Issues, Collaborative Process*
Witness:	*Brad J. Fortson*
Sponsoring Party:	*MoPSC Staff*
Type of Exhibit:	*Surrebuttal Testimony*
Case No.:	*EO-2023-0136*
Date Testimony Prepared:	*May 30, 2024*

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

ENERGY RESOURCES DEPARTMENT

SURREBUTTAL TESTIMONY

OF

BRAD J. FORTSON

UNION ELECTRIC COMPANY
d/b/a AMEREN MISSOURI

CASE NO. EO-2023-0136

Jefferson City, Missouri
May 2024

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CASE NO. EO-2023-0136

Q. Please state your name and business address.

A. My name is Brad J. Fortson, and my business address is Missouri Public Service Commission, 200 Madison Street, PO Box 360, Jefferson City, MO 65102.

Q. Are you the same Brad J. Fortson that filed direct testimony on March 1, 2024, and rebuttal testimony on April 26, 2024, in this case?

A. Yes, I am.

EXECUTIVE SUMMARY

Q. What is the purpose of your rebuttal testimony?

A. My surrebuttal testimony will respond to Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company") witnesses' rebuttal testimony filed on April 26, 2024. The issues addressed in my surrebuttal testimony are:

(1) Plan I[1] vs. Plan C within the 2023 Integrated Resource Plan ("IRP"),

(2) Foregone Earnings Opportunity ("EO"),

(3) Reliability and affordability,

(4) Staff's alleged failure to address issues throughout the MEEIA process,

(5) The MEEIA collaborative process, and

[1] Filed on September 26, 2023, as part of the 2023 IRP in Case No. EO-2024-0020, and updated on April 2, 2024.

(6) Past cycle savings.

Staff's rebuttal testimony in this case substantively addresses many of the issues raised in Ameren Missouri's rebuttal testimony. Silence on a particular issue raised by Ameren Missouri in rebuttal testimony, especially those that were addressed within Staff's rebuttal testimony or Ameren Missouri witness conjecture regarding future Staff positions, should not be construed as acceptance of Ameren Missouri's position in this case.

PLAN I vs. PLAN C

Q. Several Ameren Missouri witnesses discuss the 2023 IRP[2] and the comparison of two alternative resource plans, Plan I vs. Plan C. Can you give a brief description of what Plan I and Plan C is?

A. Plan C, the plan Ameren Missouri has chosen as its preferred resource plan ("PRP") from its IRP, includes demand-side management ("DSM") throughout the entirety of the planning horizon (through 2043), a simple cycle ("SC") gas plant in 2028, and combined cycle ("CC") gas plants in 2033, 2040, and 2043. Plan I does not include DSM throughout the planning horizon, but does include the same SC gas plant in 2028 and CC gas plants in 2040 and 2043 as Plan C, another SC gas plant in 2037, and an additional combined cycle plant in both 2028 and 2043.

Q. What does Ameren Missouri claim Plan I, a plan with no DSM, will cost ratepayers compared to Plan C, a plan with DSM?

[2] Filed on September 26, 2023, in Case No. EO-2024-0020, with portions updated on December 20, 2023 and April 2, 2024.

A. Ameren Missouri repeatedly claims in its rebuttal testimony that Plan I will cost ratepayers approximately $4.197 billion more than Plan C.[3]

Q. Does Staff agree with Ameren Missouri's claim that Plan I would cost ratepayers $4.197 billion more than Plan C?

A. Not at all.

Q. Please explain.

A. There are several flaws in Ameren Missouri's claim. The summer and winter capacity position[4] documentation[5] provided in the Company's 2023 IRP filing in Case No. EO-2024-0020 failed to include within the capacity position calculations, in each plan, an approximately 800 MW SC gas plant starting in 2028. Excluding the addition of 800 MW from the capacity position calculation, for each plan, immediately makes each of those plans appear 800 MW short on capacity, and therefore, 800 MW longer once included into the capacity position calculation.

Prior to including the 800 MW SC gas plant in 2028 in the summer capacity position calculation of Plan C, the DSM could be removed from the plan, and the Company's capacity position remains long until 2040. Plan I, which never included DSM, is already long throughout the 20-year planning horizon prior to including the 800 MW SC gas plant in the summer capacity position calculation. Once the 800 MW SC gas plant is included in the summer capacity position calculation of Plan C, with the DSM still removed, the Company is long on capacity throughout the entire planning horizon. Since Plan I was already long on

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[3] *Rebuttal testimony of Antonio M. Lozano*, pgs. 7, 9, 10, 11, 12; *Rebuttal Testimony of Matt Michels*, pgs. 11, 15, 16, 17; *Rebuttal Testimony of Steven M. Wills*, pgs. 6, 21, 33.
[4] Capacity position is a comparison of the utility's accredited generation capacity compared to the resource adequacy requirements of the Regional Transmission Organization ("RTO").
[5] Ameren Missouri's 2023 IRP Filing – Part 4, Chapter 9 – Appendix A and corresponding workpapers filed on September 26, 2023, and updated April 2, 2024.

capacity, even without DSM, it simply gets substantially longer throughout the planning horizon once the 800 MW SC gas plant is included.

Ameren Missouri's winter capacity position is worse than its summer capacity position. Prior to including the 800 MW SC gas plant in 2028 in the winter capacity position calculation, Plan C (with DSM) shows a capacity shortfall in 2025 – 2027, long on capacity from 2028 – 2037, short again in 2038 and 2039, long again from 2040 – 2042, then short again in 2043. Plan I, which never included DSM, showed a shortfall of capacity in 2025 – 2027, then long on capacity from 2028 – 2038, short again in 2039 and 2040, then long again in 2041 – 2043 prior to including the 800 MW SC gas plant in the winter capacity position calculation.

Once the 800 MW SC gas plant is included in the winter capacity position calculation of Plan C, Ameren Missouri remains long on capacity from 2028 – 2043. Most notably, after including the 800 MW SC gas plant into the winter capacity position calculation, you can remove the DSM from the calculation and the Company still remains long from 2028 – 2036. Plan I becomes long on capacity after 2027 once you include the 800 MW SC gas plant.

Q. Plan I includes a large CC gas plant in 2028 that the Company has alleged will be avoided by including DSM in Plan C. How does including the approximately 800 MW SC gas plant in 2028 into the winter capacity position calculation affect the large CC gas plant in 2028?

A. With the capacity position calculations updated in Plan I to include the 800 MW SC gas plant, no additional supply-side is needed until 2033, similar to Plan C. Further, the supply-side needed in 2033 in Plan I could be cut in half from the size of the plant originally contemplated in 2028 under Plan I, and the Company would still remain long on capacity throughout the planning horizon. Lastly, if you take that same CC plant not needed until 2033, and size it down by roughly one-third of the originally contemplated CC in 2028, the Company not only remains long on capacity throughout the planning horizon, but the CC in 2043 is no longer needed.

Q. What relevance does this have to Ameren Missouri's claim that Plan I would cost ratepayers $4.197 billion more than Plan C?

A. Including an unnecessary, large CC gas plant in 2028, coupled with not sizing it down accordingly in 2033, potentially to a size that negates the need for another CC in 2043, significantly over-estimates the cost of Plan I compared to Plan C. Therefore, any reference by Ameren Missouri to a $4.197 billion cost to ratepayers by not including DSM is overstated.

Q. In regards to Plan C, you mentioned above that once you include the approximately 800 MW SC gas plant into the winter capacity position calculation, you could remove the DSM from that plan and the Company's capacity position, after 2027, remains long until 2037. Can you explain the relevance of that?

A. Yes. Once you include the 800 MW SC gas plant into the winter capacity position calculation, and remove the DSM from Plan C, the Company is long on capacity after 2027 and through 2037. The Company is projected to be short on capacity from 2025 – 2027, even with DSM included in Plan C. This is the same timeframe as the Company's proposed MEEIA Cycle 4. This illustrates that the Company's proposed MEEIA Cycle 4 application is not deferring or avoiding supply-side investment, on its own or in combination with other cycles. However, delaying MEEIA Cycle 4 until 2034, as described in Staff witness Mr. J Luebbert's rebuttal testimony, could eliminate the short capacity position in 2037 and the remaining planning horizon.

Q. Is there anything else you would like to note before moving on?

A. Yes. On page 42, lines 1 – 4, of Mr. Wills' rebuttal testimony, he states: "The average measure life associated with a measure for the most recent program year evaluated under the Company's existing MEEIA programs (which I use as a proxy for expected measure life for those installed during the term of MEEIA 4) is 13.85 years." I would note that, based on Staff's determination that under an updated Plan C (include 800 MW SC gas plant and exclude DSM), the Company remains long on capacity until 2037. If a MEEIA Cycle 4 is approved, measures installed during that time (2025 – 2027) are at or nearing their end of useful life at the time additional supply-side is needed.

<u>FOREGONE EARNINGS OPPORTUNITY</u>

Q. On page 21, lines 12 – 20, and page 22, lines 1 – 4, of Company witness Mr. Steven M. Wills' rebuttal testimony, he states:

> If the Company does not implement this next MEEIA cycle and instead invested in two more natural gas-fired cycle plants, the Company's earnings would be higher by including those two plants in rate base. Not building those plants, which is enabled by MEEIA programming, and therefore not earning on an investment in them, is the very definition of deferred or avoided investment and foregone earnings, completely irrespective of whether there is also other supply-side investment occurring that will help build the new fleet of resources that will replace the capabilities of the retiring coal fleet. There is a reason that energy efficiency and demand response programs are referred to as demand-side *resources*; they fill in for, or substitute, for traditional supply-side investments that would otherwise need to be made. The General Assembly recognized this when it mandated that utilities be given an earnings opportunity to provide earnings the utilities otherwise would have received on incremental supply-side resources that the MEEIA programs displace.

Does Staff agree with Mr. Wills' statement?

A. Staff agrees that not building plants that are enabled by the MEEIA programming, and thus not earning an investment on them, is the very definition of deferred or avoided investment and foregone earnings. However, as demonstrated above in the

Plan I vs. Plan C section, this is not the case for Ameren Missouri's MEEIA Cycle 4 Application as it is not deferring or avoiding investments and foregone earnings. Staff further agrees that the General Assembly recognized this when it mandated that utilities be given an earnings opportunity to provide earnings the utilities otherwise would have received on incremental supply-side resources that the MEEIA programs displace. However, as demonstrated above in the Plan I vs. Plan C section, this is not the case for Ameren Missouri's MEEIA Cycle 4 Application as it is not displacing any incremental supply-side resources.

However, Staff strongly disagrees that if the Company does not implement this next MEEIA cycle and instead invested in two more natural gas-fired cycle plants, the Company's earnings would be higher by including those two plants in rate base. The two plants that Mr. Wills is referring to are the CC in 2028 and 2043 in Plan I. Staff's analysis, as stated above, shows that in Plan I, the plan without DSM, and after the 800 MW SC gas plant is appropriately included in the winter capacity position calculation, the CC in 2028 is now not needed until 2033, similar to Plan C. However, in Plan I, that CC in 2033 can be significantly sized down and the Company remains long on capacity through 2043, or sized down to a size that negates the need for an additional CC in 2043. Based on an appropriately updated Plan I, the Company is short on capacity from 2025 – 2027, similar to Plan C and the timeframe of its proposed MEEIA Cycle 4. The Company is then long on capacity until 2033. Neither the CC in 2028 or 2043 are needed, and are therefore not being avoided, which in turn provides no foregone earnings opportunity.

When analyzing Plan C, the Company's preferred resource plan, you see that once the approximately 800 MW CC gas plant is appropriately included in the winter capacity position calculation, you can remove the DSM from that plan and the Company remains long on capacity until 2037. Similar to Plan I, the Company is short on capacity from 2025 – 2027, the timeframe of its proposed MEEIA Cycle 4. It is then long on capacity until 2037, demonstrating that its proposed MEEIA Cycle 4 is not avoiding supply-side and therefore providing no foregone earnings opportunity.

Q. On page 26, lines 5 – 8, of Mr. Wills' rebuttal testimony, he states: "The conclusion of that analysis can be summarized with the expression "the whole is greater than the sum of its parts." The effect of sustained investment in energy efficiency and demand response is greater than the standalone effect of any individual (shorter-term) MEEIA cycle." How do you respond to that?

A. As demonstrated above, Ameren Missouri's proposed MEEIA Cycle 4 Application is not deferring or avoiding supply-side investment, on its own or in combination with other cycles. Further, Commission rule 20 CSR 4240-20.094(4)(C)4. states:

> (C) Demonstration of cost-effectiveness for each demand-side program and for the total of all demand-side programs of the utility. At a minimum, the electric utility shall provide all workpapers, with all models and spreadsheets provided as executable versions in native format with all links and formulas intact, and include:
>
> 4. The impacts from all demand-side programs included in the application on any postponement or new supply-side resources and the early retirement of existing supply-side resources, **including annual and net present value of any lost utility earnings related thereto.** [**emphasis added**]

This provision requires demonstration that the demand-side programs in **that** MEEIA application impacts "on any postponement or new supply-side resources and the early retirement of existing supply-side resources, including annual and net present value of any lost utility earnings related" to **that** MEEIA application. Ameren Missouri has not and cannot meet this rule requirement since there are no lost utility earnings from its proposed MEEIA Cycle 4 Application.

RELIABILITY AND AFFORDABILITY

Q. Company witnesses Mr. Wills, Mr. Michels, and Mr. Lozano make statements in regards to reliability and affordability, such as:

> I have significant concerns with Staff's perspective on resource planning, especially given the ongoing and historic energy transition that is taking place as aging coal-fired energy centers… reach end of life. Staff's resource planning perspective lacks any clear direction or urgency to address the issues that are facing the Company, and rather looks to impede the progress on steps that the Company firmly believes are imperative to ensuring future reliability and affordability of energy services.[6]
>
> While the industry as a whole – not just Ameren Missouri – has entered what is clearly the most dynamic period of change in the mix of generation resources employed to serve customers in its history, Staff continues to cling to a "do nothing" philosophy (e.g., deny CCNs, pause Demand Side Management programming) that, if followed, will inevitably lead to the failure of Missouri utilities to proactively develop the resources that will be needed to replace the aging and environmentally-pressured legacy coal-fired generation facilities that will be retiring in a systematic fashion…[7]
>
> Suspending MEEIA programs altogether would require a major shift in the Company's resource planning to ensure sufficient alternative resources are available to meet customer needs and ensure reliability in both the near term and long term…[8]
>
> It is important to recognize the role those other factors play. The first priority is to ensure reliability. This includes not only capacity, but also energy and a consideration of the ability and flexibility of resources to ensure reliability during the most critical times, such as geographically widespread winter storms of the kind we've seen more frequently in recent years. In ensuring reliability, we also want to ensure affordability. The requirement in the IRP rules that cost to customers, as measured by the NPVRR, be considered the primary selection criterion for utilities in selecting their PRP supports this notion, along with consideration of impacts on rates.[9]
>
> The recommendation is at odds with the Commission's past approvals of the Company's MEEIA 1-3 Cycles, public policy, state law, and sound integrated resource planning; these recommendations undermine the Company's obligations to provide safe, reliable, and affordable power.[10]

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[6] *Rebuttal Testimony of Steven M. Wills*, pg. 3, lines 17 – 23, and pg. 4, line 1.
[7] *Rebuttal Testimony of Steven M. Wills*, pg. 4, lines 7 – 14.
[8] *Rebuttal Testimony of Matt Michels,* pg. 11, lines 5 – 7.
[9] *Rebuttal Testimony of Matt Michels,* pg. 11, lines 13 – 20.
[10] *Rebuttal Testimony of Antonio M. Lozano,* pg. 5, lines 19 – 22.

> Discontinuing energy efficiency programs is extremely harmful to our customers and our state, as we are attempting to move forward together through this clean energy transition in a safe, reliable, and affordable manner.[11]

How does Staff respond to these statements?

A. Staff is absolutely concerned about reliability and affordability, but I would simply point back to the above discussion comparing Plan I vs. Plan C where Staff demonstrates that by not including DSM, the Company is still long on capacity for several years and reliability is not jeopardized by not including DSM.

STAFF'S ALLEGED FAILURE TO ADDRESS ISSUES

Q. Ameren Missouri witnesses go to great lengths in their rebuttal testimony to point out all of the opportunities that Staff has had to criticize the TRM, deemed savings table, and EM&V process. How do you respond?

A. Ameren Missouri's MEEIA Cycle 3 was settled through the *Stipulation and Agreement* ("MEEIA Cycle 3 Stipulation") filed on October 25, 2018, in Case No. EO-2018-0211, and approved by the Commission.[12] Simply put, there was give and take by all parties involved, as with most settlements. The MEEIA Cycle 3 Stipulation included a revised MEEIA Cycle 3 report as well as Appendices a – n. The revised MEEIA Cycle 3 report included a high-level discussion of the EM&V process, Appendix e provided sample evaluation plans, Appendix f provided the deemed savings table, and Appendix g – i provided TRM volumes 1 – 3, respectively. The EM&V process as described in the MEEIA Cycle 3 report and the previously mentioned Appendices e – i were not heavily criticized by Staff due to the bigger "takes" that Staff was focused on in the

[11] *Rebuttal Testimony of Antonio M. Lozano,* pg. 12, lines 12 – 14.
[12] *Order Approving Stipulation and Agreement and Granting Waivers*, issued on December 5, 2018, in Case No. EO-2018-0211.

settlement discussions. Therefore, the EM&V "give" by Staff was for the "greater good" of getting to a MEEIA Cycle 3 settlement.

Since an EM&V process was ultimately agreed to as a part of the overall MEEIA Cycle 3 Stipulation, Staff conceded to that EM&V process being what was going to be in place for the MEEIA Cycle 3 years of 2019 – 2021. However, for the agreed to MEEIA Cycle 3 extension year 2022 ("PY 2022 Stipulation"),[13] the parties agreed to reduce spending on EM&V, no process evaluation for programs (with the exception of PAYS®), and a focus on ex post gross savings. For the agreed to MEEIA Cycle 3 extension year 2023 ("PY 2023 Stipulation"),[14] the parties agreed to similar EM&V modifications as was agreed to in the PY 2022, with the exceptions of a further reduced EM&V budget and additional funding included for more targeted net-to-gross research. For the agreed to MEEIA Cycle 3 extension year 2024 ("PY 2024 Stipulation"),[15] the parties agreed to EM&V similar to the PY 2023 EM&V.

Staff has exercised its ability to comment and recommend modification to the EM&V process through the settlement process of each MEEIA Cycle 3 extension year. Once those agreements were in place, Staff conceded to the EM&V process agreed to in each of those years to be the EM&V process in place for each extension year.

[13] *Unanimous Stipulation and Agreement Regarding the Implementation Certain MEEIA Programs Through Plan Year 2022,* filed on July 10, 2020, in Case No. EO-2018-0211, and approved on August 5, 2020.
[14] *Non-Unanimous Stipulation and Agreement Regarding the Implementation Certain MEEIA Programs Through Plan Year 2023 and Motion for Expedited Treatment*, filed on October 13, 2021, in Case No. EO-2018-0211, and approved on October 27, 2021.
[15] *Non-Unanimous Stipulation and Agreement Regarding the Implementation of Certain MEEIA Programs Through Plan Year 2024*, filed on August 3, 2023, in Case No. EO-2018-0211, and approved on August 23, 2023.

We now have a proposed multi-year MEEIA Cycle 4 Application in front of us, and Staff is once again exercising its ability to comment and recommend modification to the EM&V process through the MEEIA filing process.

Q. Mr. Graser makes a similar criticism of Staff and its opportunity to comment on the Company's deemed savings table and Technical Resource Manual ("TRM").[16] How do you respond to that?

A. In a similar manner as I responded to his criticism of Staff and its opportunity to comment on the Company's EM&V process above. A deemed savings table and TRM was approved as a part of the MEEIA Cycle 3 Stipulation. Similar to EM&V, the deemed savings table and TRM was not heavily criticized by Staff due to the bigger "takes" that Staff was focused on in the settlement discussions. Mr. Graser points out that Staff is provided the Company's deemed savings table and TRM updates to provide feedback. While Mr. Graser is correct in his statement, Staff has limited time and resources to do a comprehensive review of the deemed savings table and TRM, whether it be at the onset of a MEEIA application filing, or during a program year.

The TRM filed with the MEEIA Cycle 3 Stipulation was a three-part, 362-page document. The deemed savings table filed with the MEEIA Cycle 3 Stipulation was a 28-page document (with an Excel workpaper) that includes hundreds, if not thousands, of cells. The TRM filed in Ameren Missouri's MEEIA Cycle 4 Application is a three-part, 379-page document. The deemed savings table filed in Ameren Missouri's MEEIA Cycle 4 Application is a 42-page document (with an Excel workpaper) that again includes hundreds, if not thousands, of cells (more than in MEEIA Cycle 3). Staff is reviewing

[16] *Rebuttal Testimony of J. Neil Graser,* pg. 12, lines 3 – 14.

the 379-page TRM and the thousands of cells in the deemed savings table workpaper. However, as addressed by other Staff witnesses in their rebuttal testimonies,[17] Staff's review of the Company's deemed savings table and TRM quickly discovered (1) sources utilized for a multitude of assumptions are opaque, (2) citations that are no longer valid, (3) citations that are still valid are largely vague references to entire documents that are often hundreds of pages, (4) assumed values that do not appear reasonable, and (5) reliance on studies that are likely outdated, many of which did not provide clear citation to justification for the assumptions.[18]

<u>COLLABORATIVE PROCESS</u>

Q. Company witnesses Mr. Via and Mr. Lozano speak to a collaborative process leading up to the initial MEEIA Cycle 4 Application filing on March 27, 2023, and seemingly represent in testimony that Staff somehow hindered that collaborative process. Is this true?

A. No, not at all. There were relatively high-level discussions amongst the parties leading up to the initial MEEIA Cycle 4 filing. It was nearly impossible to think the parties could cover all potential issues with a MEEIA filing prior to the actual filing, even after the initial MEEIA Cycle 4 Application was provided to Staff prior to filing. Once the initial MEEIA Cycle 4 Application was filed, Staff continued collaborating with the Company and other stakeholders. However, as Staff was reviewing the filing, more detailed, granular questions and concerns came up. This led to an agreement to extend MEEIA Cycle 3 through 2024[19] in order to continue discussions on a 3-year cycle to begin 2025.

[17] J Luebbert, Hari Poudel, and Justin Tevie.
[18] *Rebuttal Testimony of J Luebbert,* pgs. 32 – 33.
[19] *Non-Unanimous Stipulation and Agreement Regarding the Implementation of Certain MEEIA Programs Through Plan Year 2024*, filed on August 3, 2023, in Case No. EO-2018-0211.

As Mr. Via mentions in his rebuttal testimony,[20] Mr. Lozano outlined the workshops and collaboration efforts within his direct testimony in this case. However, some further context is needed from Staff's perspective. On April 6, 2023, Staff submitted Staff Data Request ("DR") 0001.0 requesting the following:

> Refer to the confidential "Ameren Missouri 2024-26 MEEIA Energy Efficiency Plan" ("Report") and the associated appendices provided in support of Ameren Missouri's Application: 1. Provide all workpapers utilized by Ameren Missouri to support the claims, data, figures, tables, and graphics included in the Report and appendices in excel format with links and formulas intact. 2. Provide justification for any assumptions made within the workpapers and citations for any hardcoded numbers. 3. Provide specific citations to the underlying file, tab, and cell for the specific data referenced in each page of the Report and the appendices. 4. Provide the entire document, as well as specific citations to the page and line number, for all references to work products of Ameren Missouri, other Ameren affiliates, or outside entities relied upon for the Report, appendices, and the underlying workpapers. For example, Appendix I refers to numerous sources of information, but does not provide those source documents nor the page numbers where the information relied upon may be found.

There were several discussions regarding this DR since Staff considered the initial response from the Company to be incomplete. Unfortunately, this DR was never fully resolved as certain numbers remained hardcoded and issues remained, such as the issues with the TRM as discussed above.

As Mr. Via states in his rebuttal testimony,[21] Ameren Missouri kept stakeholders abreast with a series of workshops and collaboration meetings. For example, after an October 18, 2023, workshop, Ameren Missouri contacted all participants via email on October 19, 2023, with the Company's proposal on how to move forward with action items and future workshops. Specifically though, that email ended by stating:

> More to come in very short order on the details of the above, and please don't hesitate to reach out asap with any questions, concerns, or discussion needed.

[20] *Rebuttal Testimony of Timothy E. Via*, pg. 2, lines 1 – 4.
[21] *Rebuttal Testimony of Timothy E. Via,* pg. 11, lines 1 – 4.

On October 31, 2023, Staff reached out to Ameren Missouri via email stating:

> …Attached is a spreadsheet we put together, that once filled out with input by you all, could help guide our next workshop. This spreadsheet should tie directly to the most recently filed IRP as well. The spreadsheet gets to several of the things brought up in the first workshop and tees up IRP discussion as well…

On November 3, 2023, Ameren Missouri responded, stating:

> Thank you so much for sending this, and for you and Staff's ongoing collaboration with our MEEIA 4 filing. While we'd definitely see the value of discussing the requested data in the spreadsheet, we don't think this is the right time for this level of granularity. I offer that up as we still have multiple other topics to cover, with <u>January 16th</u> coming quickly for the amended MEEIA 4 application. Given that, we believe it's more imperative to meet a few more times on some version of the topics laid out to understand what questions and concerns you all have. This would allow us collectively to not go a mile deep into one topic and miss the others, but at least allow stakeholders an opportunity to voice their thoughts on all topics before the January update. In the meantime we will continue to collaborate and provide responses to the submitted data requests and to interact with your team on any questions.

Ameren Missouri acknowledged and expressed its appreciation for Staff's ongoing collaboration with its MEEIA Cycle 4 filing. Unfortunately, Ameren Missouri did not think it the right time for the level of granularity Staff was requesting, and therefore did not provide the information. That lack of level of granularity is one of the very reasons we are where we are in this case. The spreadsheet Staff sent to Ameren Missouri is attached as Schedule BJF-s1.

<u>PAST CYCLE SAVINGS</u>

Q. On page 28, lines 16 – 18, and page 29, lines 1 – 9, of his rebuttal testimony, Ameren witness Mr. Lozano provides the energy and demand savings determined from Evaluation, Measurement & Verification ("EM&V") for program years ("PY") 2019 – 2022. Staff has been critical of the EM&V process in this case. Do you dispute the level of savings for PY2019 – PY2022?

A. Yes, to some extent. Staff does not dispute that there are some level of savings achieved by offering energy efficiency and demand response programs. However, in reviewing the deemed savings table, the TRM, the rebound effect, attribution, the principal-agent problem, etc. as Staff has done in this case, those savings levels are called into question. Due to those factors, Staff has concerns about the savings levels deemed by the Company for MEEIA Cycle 4.

Q. On page 24, lines 4 – 9, of Ameren witness Mr. Wills' rebuttal testimony, he states:

> As I discussed in the opening of my testimony, where I shared Figures 1 and 2 that illustrate the Company's experienced load as compared to what those loads would have looked like "but for" MEEIA, and observed the 2.5 MWh and 600 MW differences directly attributable to the Company's MEEIA efforts of the last decade, it is in fact entirely implausible to conclude that significant additional generation investment has not already been avoided and/or deferred.

Is it in fact entirely implausible to conclude this?

A. No. I could not find where Mr. Wills substantiates this claim beyond simply making this statement and basing it off figures he provided that illustrate Ameren Missouri's actual load compared to what load would have been without MEEIA. Years when the Company is substantially long on capacity, adding supply-side generation, adding load building programs, etc., makes it in fact entirely plausible to achieve savings without deferring or avoiding supply-side generation.

Q. On page 7, lines 3 – 9, of Ameren witness Mr. Michels' rebuttal testimony, in response to you, he states:

> Q. Do his arguments have any validity with respect to the generation deferral benefits of MEEIA?
> A. None at all. To say that load reductions from implementing MEEIA programs will not reduce the Company's need for *additional* generation resources *beyond* those it already is planning is illogical. He provides no basis at all for questioning the

analysis in the Company's 2023 IRP comparing Plan C (*with* demand-side resources) to Plan I (*without* demand-side resources).

Is it illogical to say this?

A. No. Similar to my response in the preceding Q&A in response to Mr. Wills, I could not find where Mr. Michels substantiates this claim beyond simply making this statement and alleging that I provide no basis for questioning the analysis comparing Plan C to Plan I. Years when the Company is substantially long on capacity, adding supply-side generation, adding load building programs, etc., makes it in fact entirely logical to achieve savings without deferring or avoiding supply-side generation.

In response to Mr. Michels' claim that I provided no basis for questioning the Plan C to Plan I comparison, I have provided the following basis:

- Substantial near-term and long-term renewable buildout (2,800 MWs by 2030 and 2,600 MWs after 2030).[22]
- Substantial near-term and long-term non-renewable additions (800 MW SC gas plant by 2028, 1,200 MWs of as-yet-unspecified clean dispatchable generation in each of 2040 and 2043).[23]
- Staff data request ("DR") MPSC 0129.0 asked Ameren Missouri to identify the specific supply-side generation that can be avoided or deferred by Ameren Missouri's proposed MEEIA Cycle 4 Application without consideration of additional MEEIA cycles. The Company stated, "The requested analysis has not been performed." The Company further referenced a comparison of Plan I to Plan C and the additional CC gas plants Plan I was expected to avoid.[24]

[22] *Direct Testimony of Brad J. Fortson*, pg. 10.
[23] Ibid.
[24] *Direct Testimony of Brad J. Fortson,* pgs. 8 and 9.

- Staff DR MPSC 0130.0 asked Ameren Missouri to identify the specific supply-side generation avoided or deferred by Ameren Missouri's past MEEIA cycles. The Company stated, "Requested analysis has not been performed." The Company referenced the savings achieved in prior MEEIA cycles and prior IRPs.[25]
- Discussion of prior IRP plans that excluded DSM never deferred or avoided the additional supply-side generation it showed it would.[26]
- The Company's non-compliance with 20 CSR 4240-20.094(4)(C)4.[27]
- The discussion of Plan I vs. Plan C above.

Q. Does this conclude your surrebuttal testimony in this proceeding?

A. Yes, it does.

[25] *Direct Testimony of Brad J. Fortson*, pgs. 9 – 10.
[26] *Rebuttal Testimony of Brad J. Fortson,* pgs. 10 – 14.
[27] *Direct Testimony of Brad J. Fortson,* pgs. 14 – 15 and *Rebuttal Testimony of Brad J. Fortson,* pgs. 8 – 10.

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 Efficiency as Allowed by MEEIA	))))	Case No. EO-2023-0136

AFFIDAVIT OF BRAD J. FORTSON

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW BRAD J. FORTSON and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Surrebuttal Testimony of Brad J. Fortson*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

BRAD J. FORTSON

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 May 2024.

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

Dianna L. Vaught
Notary Public