Exhibit No. 400

Renew Missouri – Exhibit 400
Emily Piontek Testimony
Rebuttal
File No. EO-2023-0136

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Witness:	Emily Piontek
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MISSOURI PUBLIC SERVICE COMMISSION

EO-2023-0136

REBUTTAL TESTIMONY

OF

EMILY PIONTEK

ON BEHALF OF

RENEW MISSOURI ADVOCATES

April 26, 2024

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Emily Piontek. My business address is 915 East Ash St in Columbia, Missouri.

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

A. I am the Managing Director and Policy Coordinator for Renew Missouri Advocates, Inc, but better known as Renew Missouri.

Q. Please describe your educational background and work experience.

A. Regarding my education background: in 2020 I received my Master of Science in Human Dimensions of Natural Resource Management from the College of Agriculture, Food and Natural Resources at the University of Missouri-Columbia. I also earned a Graduate Certificate in Public Policy from the Truman School at the University of Missouri during that time. Prior to that, I earned dual Bachelor of Arts in History and Political Science from Washington University in St. Louis in 2012.

Regarding my professional experience, I have worked in the field of clean energy policy advocacy since 2018, during which time I have engaged with members of the public, local government officials, state lawmakers, and state and federal regulatory agencies on issues relating to the clean energy transition. This engagement has centered on topics including clean energy deployment and permitting, energy access and affordability, and utility regulation. Related to these issues, I drafted legislative proposals for the Virginia Legislature in 2022 and 2023, produced a technical report by request of the Virginia State Corporation Commission in 2022, and served on two Virginia state agency task forces in 2022. In 2021, I was a fellow with the Clean Energy Leadership

Institute, an educational and professional development program for a national cohort of young energy-sector professionals. I have been with Renew Missouri since August of 2023, where I primarily focus on formulating policy positions for the organization and advocating for those position with policymakers, lawmakers, and the public at large.

Q. Have you previously filed testimony before the Commission?

A. Yes. Most recently, I submitted surrebuttal testimony supporting the application of Ameren Missouri (referred to through the remainder of my testimony as either "Ameren" or "the Company") to build 550 MW of solar in Case No. EA-2023-0286. Previously, while a Policy Research Clerk with Renew Missouri, I submitted testimony on rate design and energy affordability concerns for low-income customers of Liberty Utilities in Case No. ER-2019-0374. A schedule of my previous testimony is attached to this document as Exhibit EP-1.

II. EXECUTIVE SUMMARY

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my rebuttal is to respond to the Direct Testimony submitted by Staff of the Missouri Public Service Commission ("Staff") and the Missouri Office of Public Counsel ("OPC"), who argue broadly that the Company's energy savings program only benefits program participants, is rife with free-riders, provides only subjective benefits to those who do participate, and unfairly rewards the Company's shareholders for avoiding new generation even when new generation is still being planned for. These complaints can essentially be attributed to questioning by Staff and OPC of the Missouri statute that authorizes MEEIA.[1] Their contention ultimately focuses on the fact the law does not

[1] § 393.1075.4, RSMo.

require a regulated utility company seeking the earnings opportunity authorized by MEEIA to demonstrate any energy savings realized on account of an associated energy efficiency portfolio. Yet, MEEIA *is* the policy of Missouri, which is directed to "… value demand-side investments equal to traditional investments in supply and delivery infrastructure and allow recovery of all reasonable and prudent costs of delivering cost-effective demand-side programs."

The task for the Public Service Commission ("the Commission") in the case at bar is not to recoil before state law, but to comply with state law. That task can be accomplished by determining whether the Company's application is in accordance with the statute and whether the proposed demand-side investments are reasonable and prudent. Renew Missouri argues that it is.

I also respond to the arguments submitted in Direct Testimony by OPC witness Dr. Geoff Marke and Staff witnesses Mark Kiesling, Sarah Lange, and J Luebbert that new federal incentives for energy efficiency are duplicative of the programs offered by the Company, therefore rendering the MEEIA portfolio application unnecessary. Yet, the state of Missouri has invested considerably in building up energy efficiency programs and delivery infrastructure within the utilities themselves since MEEIA was signed into law. Now that there is federal funding available via the Inflation Reduction Act ("IRA") to enhance these programs, this federal assistance should be allowed to support utility energy efficiency portfolios and programs – including Ameren's MEEIA Cycle IV proposal – rather than simply replace them.

Finally, I address certain recommendations made by Staff witness J Luebbert and OPC witness Dr. Geoff Marke in Direct Testimony and encourage the Commission to study their suggestions on residential ratemaking and the Pay-As-You-Save program further.

III. <u>POLITICAL UNCERTAINTY AND THE IMPLEMENTATION OF THE IRA</u>

Q. What concerns do you have about the Commission foregoing MEEIA programs and relying solely on federal funds to provide energy efficiency opportunities to Missourians?

A. 2024 is a major election year at both the national and state levels. Missouri voters will vote for President and for a new Governor, as Governor Mike Parson is term limited. A new Presidential administration will make decisions as to the disbursement of key federal funds. The Missouri Governor makes appointments to key state offices involved in the implementation of federal funding programs like the U.S. Department of Energy's ("DOE") Home Energy Rebates Programs. Specifically, the Governor will make appointments to the leadership of the Department of Natural Resources ("DNR"), the state agency charged with administering these funds.

Q. How could political uncertainty in the coming year affect the Home Energy Rebates Programs being administered by the federal government?

A. Political uncertainty hovers over Missouri's access to the Home Energy Rebates Programs and could impact it on multiple fronts. At the federal level, spending on clean energy programs could be reduced or eliminated by a new president and Congress. At the state level, the new Governor could make appointments to DNR and to its Division of Energy ("DE") that could influence whether and how the state's $150 million allocation for energy efficiency rebates are delivered to consumers. Of note, DE only just announced an intent to seek Missouri's share of the funding, even though DOE began accepting state applications in early 2023 and will no longer accept applications after

January 31, 2025.[2] The Division of Energy has limited time to act at this point. Any disruption or impediment to the process could cause Missouri to miss out entirely. If the Commission were to follow the recommendations of Staff and OPC and eschew MEEIA for these federal dollars but said IRA programs were stalled due to changing political leadership, a large swath of Missourians – specifically Ameren's residential customers – would have no energy efficiency options at all.

Q. Are there other factors surrounding implementation that could impact how IRA funds for energy efficiency impact Missourians?

A. Yes. The Division of Energy will have significant leeway to determine how the HOMES and HEEHRA rebates are distributed to Missouri households, such as what percentage of the funding should be allocated to low-income households versus households not considered low-income, and even the size of the rebates available to a household for a given energy efficiency measure. For example, while the federal DOE has set the rebate cap for qualifying low-income households at 80% of the cost of the measure, the Missouri DE could provide increased rebates up to 100% of the cost of the energy efficient appliance or total project cost. As another example, DOE requires the percentage of a state's low-income rebate allocation match the state's percentage of low-income households at minimum. Yet, DE could increase the percentage of rebate funding allocated to low-income households, therefore leaving less opportunity for Ameren customers who are not income-qualified to take advantage of energy efficiency

[2] See Missouri Department of Natural Resources, Inflation Reduction Act ("IRA") Home Energy Rebates Programs announcement of public meetings on Friday, March 22, 2024. Accessed at: https://dnr.mo.gov/energy/what-were-doing/inflation-reduction-act-home-energy-rebates-programs. Also see the U.S. Department of Energy Home Energy Rebate Programs Requirements and Applications Instructions, which states that applications are due by January 31, 2025. (October 13, 2023). Accessed at: https://www.energy.gov/scep/articles/home-energy-rebate-programs-requirements-and-application-instructions

opportunities.

Q. How could these factors affect the implementation of the Home Energy Rebates Programs for Ameren Missouri customers?

A. I have pointed out these two examples to demonstrate that the rules governing the Home Energy Rebates Programs are flexible; the particulars for how DE will make the rebates accessible to Missouri households will matter a great deal. It is a possibility Missouri could target the federal rebates to underserved and impoverished regions of the state where no (or limited) utility-sponsored energy efficiency rebate programs exist and/or where growing electric demand is straining not-for-profit municipal utilities or rural electric cooperatives. In that scenario, Ameren's customers would not benefit from the federal programs. In that scenario *and* if the MEEIA programs are not approved, then Ameren's customers would be left with little to no assistance for energy efficiency measures. Given these factors and the coupled political uncertainty, it is premature for the Commission to eliminate the Company's long-standing energy efficiency programs on the basis that any presumed future redundancies could occur.

IV. <u>IRA REBATES, UTILITY OPPORTUNITIES, AND STATE PROGRAMS.</u>

Q. Do you agree with the concerns of Staff and OPC regarding the "stacking" of the DOE Home Energy Rebates with MEEIA residential incentives?

A. No. Staff witnesses Sarah Lange and Mark Kiesling and OPC witness Marke raised concerns over the stacking of multiple rebates using funds from the IRA with existing Ameren MEEIA rebates.[3] Let's say there are no impediments for Federal funding to be delivered to Missouri customers. In our view, stacking Federal and non-Federal funds

[3] Missouri Public Service Commission ("PSC") Docket EO-2023-0136. Direct Testimony of PSC Staff Witnesses Mark Kiesling and Amy Eichholz, and Direct Testimony of OPC. (March 1, 2024).

strategically maximizes incentives and is in alignment with the DOE's position on the Home Energy Rebates. DOE allows and encourages rebate stacking when total rebates do not exceed total project costs: "Stacking Home Energy Rebates with non-federal funds (like utility programs) is generally allowable and encouraged only if the total rebated value does not exceed the total cost of the project."[4] Furthermore, DOE even encourages utilities to partner with state energy offices in the roll-out of these IRA rebate programs. The National Consumer Law Center, which also supports the braiding of federal and non-federal incentives, details potential benefits:[5]

> *Successful sequencing, braiding, and stacking of the different program resources can eliminate upfront costs for low-income households, substantially lower costs for moderate-income households, and ensure that consumers are not left to navigate the rebate programs themselves.*

Staff and OPC witnesses also raised concerns over the potential for the improper attribution to the Company of energy efficiency activities resulting from the IRA, but this concern should be resolved entirely by following the guidance from DOE, which outlines how to proceed in this scenario.[6] To assist with rebate prioritization, the larger of either the federal or non-federal rebates should be considered the priority *if* the stacking of both rebates would create a rebated value *in excess of* the total cost of the project. In such a situation and if the customer only seeks the DOE Home Energy Rebates, Ameren will not receive MEEIA attribution for any associated energy savings. In the situation where an

[4] DOE. "Home Energy Rebates Programs, Frequently Asked Questions." See FAQ #11. Accessed at: https://www.energy.gov/scep/home-energy-rebates-frequently-asked-questions

[5] National Consumer Law Center. "IRA Home Energy Rebates State Program Design Recommendations: A Resource for Advocates", p.2. (March 2024). Accessed at: https://www.nclc.org/wp-content/uploads/2024/03/202403_Issue-Brief_IRA-Home-Energy-Rebates-1.pdf

[6] DOE. (2024, January 10). Guidelines for Leveraging Other Funding Sources with Home Energy Rebates. Energy.gov. https://www.energy.gov/scep/home-energy-rebates-programs

Ameren customer stacks both rebates *because total project costs are not exceeded*, the customer should enjoy both incentives, and Ameren should receive the MEEIA attribution.

Ultimately, I urge the Commission to follow DOE guidance and to ensure maximum energy savings for Ameren's customers by encouraging the stacking of Federal and non-Federal rebates while only permitting the attribution of MEEIA savings to customers receiving an Ameren-sponsored rebate, regardless of whether they also received a federal rebate. I disagree with the recommendations of Staff and OPC discouraging rebate stacking given that stacking is permitted by the federal government and will provide a maximum benefit to customers. However, attribution for any Ameren rebates should be tracked and monitored to ensure they are being used appropriately and not in excess. Allowing eligible customers to receive both MEEIA incentives and federal Home Energy Rebates for the same project would be a reasonable and prudent course of action both in service of consumers and in support of Missouri's policy goal to value demand-side investments.

Q. How can free ridership and attribution concerns be addressed when stacking MEEIA and IRA rebates?

A. Regarding the concerns raised around free ridership, I will note Ameren's customers are not getting the IRA Home Energy Rebates for free. Many of Ameren's customers pay taxes – and taxes ultimately fund this IRA program. Additionally, DOE is in conversation with utilities over how state programs can achieve the goal of providing integrated and streamlined offerings. As referenced above, DOE guidance provides flexibility for state agencies to customize their state's Home Energy Rebates program and DNR only just initiated its own process to solicit public input for administrating the rebates.[7]

As stated previously, it would be short-sighted to eliminate the MEEIA residential incentives during this on-going process and while there is so much uncertainty over how DNR will plan for federal and non-federal rebates to interact, or whether DNR will ultimately apply for the federal rebates at all. Eliminating MEEIA prematurely due to fear of duplicative incentives could open Missouri to a potential scenario where both the MEEIA and Home Energy rebates are unavailable, leaving no incentives for ratepayers to access energy efficiency savings.

Q. Have other states applied for the Home Energy Rebates?

A. Yes. DOE is tracking the progress of state applications. At the time of writing, eleven other states had proactively applied for and received early administrative funding to set up their unique Home Energy Rebates programs.[8]

Q. How have other states addressed the issue of stacking rebates on existing ratepayer-funded rebate programs?

A. It is not yet known how other states have addressed this question. However, as stated above, we do know DOE encourages states to stack the federal rebates with existing state and utility programs. Additionally, according to the DOE state application tracker, at least two other centrally-located states – South Dakota and Arkansas – that allow utilities to seek cost-recovery for demand-side management investments and/or lost revenue (as Missouri does) are in the process of securing their allocations of the DOE Home Energy

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[7] See the DNR IRA Home Energy Rebates Programs webpage and public participation process announced on Friday, March 22, 2024. Accessed at: https://dnr.mo.gov/energy/what-were-doing/inflation-reduction-act-home-energy-rebates-programs.

[8] See the U.S. Department of Energy ("DOE") Rebates Tracker. Accessed at: https://www.energy.gov/save/rebates

Rebates. I encourage the Commission to consult with the Arkansas and South Dakota utility regulators on how they plan to address this topic.

IV. <u>MEEIA & INCENTIVIZING ENERGY EFFICIENCY.</u>

Q. Why is focusing on IRA funds and their ability to amplify MEEIA programs so critical?

A. While Missouri does much to incentivize energy efficiency investment, there are still gaps. For example, the Missouri Renewable Energy Standard ("RES") does not incentivize energy efficiency. Further, Missouri, lacks a binding Energy Efficiency Resource Standard ("EERS") or other policy that would mandate utilities to achieve or invest in demand reduction.[9] MEEIA is often insufficient in providing savings opportunities to customers who could benefit most from savings, and the HOMES and HEEHRA programs promise to fill in key gaps.

Q. Why should MEEIA be considered independently from Missouri's RES?

A. Staff witness J Luebbert states that DSM programs included in a MEEIA portfolio should replace – specifically – new renewable generating facilities built for RES compliance:[10]

> *[An example of] a generation facility that could be reduced, deferred, or avoided through a properly designed MEEIA portfolio are facilities that would be built for compliance with the Missouri Renewable Energy Standard. It is possible that a utility plans to build additional renewable generation to comply with the rule because it reasonably projects to be short on Renewable Energy Credits, which it must have in an amount equal to 15% of all energy sales. It is possible that a well-designed demand-side*

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[9] See § 67.2800–67.2835, RSMo. for more information about the Missouri Renewable Energy Standard.
[10] PSC Docket EO-2023-0136, Direct Testimony of Jay Luebbert, p.6:22-26 and p.7:1-4. (March 1, 2024).

program would allow the utility to reduce, defer, or avoid the new renewable investment.

Yet, MEEIA should not be tied to the RES. To do so would be to misunderstand, and distract from, both the policy goals of MEEIA and of the RES. The RES requires a minimum amount of renewable energy generation and does not mention energy efficiency as a policy goal. MEEIA incentivizes energy savings and demand reduction, regardless of renewable generation. MEEIA specifically identifies that "it shall be the policy of the state to value demand side investments equal to traditional investments in supply and delivery infrastructure…"[11] and includes absolutely no mention of generation deferral. In short, explicitly tying MEEIA to reduced, deferred, or avoided investment in any new generation, including renewable, would be beyond what the MEEIA statute requires.

Q. Does MEEIA fill a gap left by the lack of a binding EERS or similar policy? How?

A. Yes. More than half of US states impose a binding energy efficiency requirement on utilities, widely known as an Energy Efficiency Resource Standard or "EERS."[12] This type of policy requires utilities to meet long-term energy savings targets, often as a percentage of energy saved compared to the amount sold, and in a few cases, by mandating utility spending on energy savings programs. A few states with binding EERS requirements also permit utilities to recover the costs of lost revenue and/or the costs incurred by the utility to implement the DSM programs. In some instances, cost-recovery is determined on a case-by-case basis. Missouri has the distinction of being one of just

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[11] § 393.1075.3, RSMo.

[12] This report includes a map of states with binding, voluntary, or no EERS requirements, as well as detailed information about each state policy. Accessed at: https://www.ncsl.org/energy/energy-efficiency-resource-standards-eers

two states (Delaware being the other) with what is effectively a voluntary energy efficiency goal. Importantly, cost-recovery for DSM investments is the key mechanism by which Missouri's investor-owned utilities are incentivized to seek any energy savings at all.

Leaving aside whether a state's EERS is binding or voluntary, my primary aim here is to point out that without an opportunity for cost-recovery and in the absence of any binding state EERS, Ameren would have no incentive to seek energy savings. Thanks to the MEEIA mechanism, Ameren has developed the ambitious portfolio at issue here, which projects energy savings of 822 GWh and 517 MW in reduced demand over the next three-year cycle.[13] For the purpose of ensuring that the Missouri Legislature's goals are met, the Commission should not turn its back on the past decade of progress in demand-side savings.

Q. Turning now to Missouri state programs that incentivize energy efficiency, do you believe they accomplish the same goals as the proposed MEEIA programs?

A. No. Staff and OPC reference several other state programs and claim these are either duplicative of Ameren's MEEIA portfolio or that these programs could serve in lieu of the company's proposed demand-side programs. Specifically, these include DNR's Energy Loan Program and the federally funded Low Income Weatherization Assistance Program ("LIWAP") administered at the statewide level by DNR.

Q. What does the DNR Energy Loan Program do?

A. The Energy Loan Program offers "limited" low-interest loans for energy efficiency measures and specifically targets public schools and institutions of higher learning, public

[13] PSC Docket EO-2023-0136. "MEEIA 2025-2027 Amended Application". See "Key Aspects of the Plan" and the "Portfolio Summary" on pp.6-15.

and private not-for-profit hospitals, and local governments. Eligible projects include high efficiency lighting fixtures and lamps, combined heat and power systems, renewable energy systems, waste heat recovery, high efficiency pumps and high efficiency heating, ventilation and air conditioning (HVAC) systems, and building shell improvements that reduce energy usage and energy costs.[14]

Q. Do you agree with Staff that the DNR Energy Loan Program renders the Company's ratepayer-funded energy savings programs unnecessary?

A. No. Staff witness Kiesling is concerned that recipients of a DNR Energy Loan could also seek rebates from Ameren for the same energy-saving measure, giving the example of a school using the DNR Energy Loan Program to finance a new HVAC system and then receiving rebates from Ameren for that same HVAC upgrade.[15] Kiesling goes on to suggest that if the Company were aware of "programs like these and other similar ones available in the marketplace", the utility could "focus on gaps in the market."[16]

However, there are a few key considerations that should be noted. First, DNR says Energy Loan Program funds are "limited" and the listed Energy Loan recipients on the DNR's website shows that – of the 36 awards made statewide during the period reported – only a handful were made to qualifying entities within the Ameren footprint.[17] I make this point only to demonstrate that the potential for additional need is likely high. Secondly, even if eligible entities do benefit from stacking both the Energy Loan Program and any of the Business Program Measures, the Commission should keep

[14] Missouri Department of Natural Resources ("DNR"). "Energy Loan Program, PUB 1222." September 14, 2022. Accessed at: https://dnr.mo.gov/document-search/energy-loan-program-pub1222/pub1222
[15] PSC Docket EO-2023-0136, Direct Testimony of Mark Kiesling, p.3:15-21 (March 1, 2024).
[16] Direct Testimony of Mark Kiesling at p.3:4-6.
[17] DNR. "Energy Loan Program, Awarded Loans". (2024). Accessed at: https://dnr.mo.gov/energy/grants-loans/loan-program

in mind that these entities are *not-for-profit* institutions that serve the public interest. Enabling such entities to achieve energy savings at the lowest possible cost is, in our viewpoint, one way that the Company's MEEIA portfolio addresses a "gap in the market" by complementing the limited DNR Energy Loan Program.

Q. What does LIWAP do?

A. LIWAP enables local weatherization agencies throughout Missouri to weatherize residences, including through energy efficiency measures, and to educate income-qualifying households on energy efficiency. There are five weatherization agencies in the Ameren Missouri service area, with a 2024 program-year budget of just $2.7 million.[18] Thanks to the Bipartisan Infrastructure Law, the LIWAP allocation also includes "readiness" funding, which prepares otherwise-ineligible homes for weatherization and is available through 2027.

Q. Do you agree with OPC that LIWAP is an adequate alternative to the Company's ratepayer-funded energy savings programs?

A. No. The greatest possible amount of assistance should be allocated to serve Ameren's income-eligible customers through the combination of LIWAP weatherization services, the Home Energy Rebates, and MEEIA incentives at issue here.

OPC witness Dr. Marke states: "Missouri households will be eligible for generous rebates, tax breaks, and/or free weatherization regardless of whether the Commission approves a MEEIA portfolio for investor-owned utilities or not." [19] However, each of these programs have different eligibility criteria, meaning that gaps in the availability of

[18] Missouri Department of Natural Resources. State Weatherization Plan, Program Year 2024. Accessed at: https://dnr.mo.gov/energy/weatherization/state-plan

[19] PSC Docket EO-2023-0136, Direct Testimony of Geoff Marke, p.28:5-7. (March 1, 2024).

energy efficiency services to eligible households may occur. Ameren's Residential Income Eligible Programs are targeted to households at or below 80% of the Area Median Income and the Home Energy Rebates will be available to households with an annual income of up to 80% of the Federal Poverty Level ("FPL"). LIWAP, which provides the most comprehensive coverage, is available to households at 200% of the FPL. Yet, Missouri's community action agencies ("CAAs") are bound by their own constraints – including budget, staff capacity, and issues with workforce development and retention – which limit their ability to meet the need for energy efficiency and weatherization of eligible households. The Company's main two income-eligible programs have a combined budget of $67 million, which Missouri's CAAs could tap into to supplement their portion of the state's LIWAP allocation to support not only the eligible households, but their own ability to meet workforce challenges to implement the weatherization services as well.

Additionally, we understand and share OPC's concern that some income-eligible customers will be unable to shoulder the burden of out-of-pocket expenses required for participation in the Home Energy Rebate programs. It is unclear at this time whether this will be a prohibitive problem for all income-eligible customers in seeking weatherization and efficiency upgrades. To minimize financial burdens on income-qualifying participants, we encourage the Commission to support stacked incentives by approving the MEEIA programs so they may work alongside the IRA funds.

V. <u>ADDRESSING INNOVATIVE RECOMMENDATIONS</u>

Q. Do you agree with OPC's recommendation for Pay-As-You-Save ("PAYS®") to be the only incentivized program?

A. In part. We agree with OPC witness Dr. Marke that the Company's PAYS® program should continue to be incentivized and expanded. PAYS® can be used by qualifying ratepayers to lower the cost of residential energy efficiency measures. However, there have been issues with PAYS® program participation due to prohibitive equipment costs that have increased the amount of participant co-pays. High co-pays deter many customers from moving forward with the full slate of PAYS® program measures once their energy audit has been completed. Yet, the DOE Home Energy Rebates include incentives for measures that could be utilized by PAYS® participants to reduce project costs, thereby resolving the ongoing issues with higher-than-anticipated equipment costs. Put more directly: stacking incentives could make more PAYS® preferred plans "pencil out" by lowered or eliminated customer co-pays. Dr. Marke references the principal-agent problem throughout his testimony, but that is not an issue with PAYS®. If anything, integrating PAYS® with the Home Energy Rebates could further incentivize contractors to align project costs with the rebates as much as possible to increase program uptake. Lowering overall projects costs in this way could also help reduce the number of PAYS® program "partial participants."

At minimum, we would like to see both the existing low-income programs and the existing PAYS® program receive Commission approval, although I want to be clear that we endorse Ameren's proposed MEEIA portfolio generally.

Q. Do you agree with OPC's recommendation for how rate design could be used to support the MEEIA programs?

A. Again, in part. OPC witness Dr. Marke notes the Company's billion-dollar investment in Advanced Metering Infrastructure ("AMI") and associated software upgrades could be used to incent customer behavior, potentially resulting in demand-side savings at no additional cost to ratepayers than what was already approved for AMI deployment.[20] OPC further recommends any MEEIA approval be conditioned on a plan by the Company to implement a Time-Of-Use ("TOU") rate with "meaningful price differentials".[21] While we believe that residential TOU rates have great potential to incentive consumers to use energy cost-effectively (e.g., by investing in energy efficient appliances or whole-house measures, or by adjusting their behavior in response to pricing differentials), one of my concerns is related to the political feasibility of OPC's condition. Based on the response to Evergy Missouri's mandatory transition to TOU rates in 2023, the likelihood that any such recommendation would be followed is unlikely.[22] While the Commission could certainly order Ameren to implement TOU rates either in its 2024 rate case or as a condition for MEEIA approval, my sense is the political will to force the Company to do so is likely minimal, and our concern is that an opt-out-only TOU rate would not result in equivalent demand reductions.[23] Our position is that Ameren should make aggressive use of its cutting-edge AMI and should experiment with ratemaking trends (e.g., TOU rates) via targeted pilot programs or universal opt-out rates, with the goal of complementing the MEEIA demand-side management initiatives.

Q. Are there any other recommendations from OPC that you support?

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[20] PSC Docket EO-2023-0136, Marke Direct Testimony, p.40:2-7. (March 1, 2024).

[21] Marke Direct Testimony, p.40:14-16. See also Direct Testimony of Staff Witness Jay Luebbert, p.26:17-23.

[22] Missouri Independent. "Evergy asks Missouri regulators to let customers opt out of time-of-use pricing". (September 12, 2023). Accessed at: https://missouriindependent.com/2023/09/12/evergy-asks-missouri-regulators-to-let-customers-opt-out-of-time-of-use-pricing/

[23] Concerns over political feasibility do not mean that TOU rates should not be pursued; in fact, Renew Missouri argued that the mandatory TOU decision should not be reversed in PSC Docket ET-2024-0061. See Renew Missouri's Response to Evergy's application. Submitted by Andrew Linhares. (September 15, 2023).

A. Yes. We *fully support* Dr. Marke's recommendation that Ameren agree not to raise the fixed customer charge for a set time frame – at minimum not during the period covered by MEEIA Cycle IV – for the same reasons articulated by OPC.[24]

VI. <u>ENERGY EFFICIENCY AND GROWING ELECTRICITY DEMAND.</u>

Q. If energy savings from MEEIA are unable to offset demand such that new generation can be avoided, why does it still make sense to incentivize energy savings for customers?

A. The fact Ameren's savings from MEEIA have not led to avoided investment in new generating facilities is related to the unprecedented demand for electricity, which is only growing. U.S. power consumption is expected to rise to record highs in 2024 and 2025, with estimated energy demand projections of 4,096 billion kWh this year and 4,125 billion kWh in 2025.[25] These projections exceed the 4,000 billion kWh of demand in 2023 and the record 4,067 billion kWh in 2022. The U.S. Energy Information Administration are forecasting this increase due to more customers using electricity for heat and transportation instead of fossil fuel sources as well as to increased demand for electricity from data centers and industrial facilities. To unpack these trends further, the North American Electric Reliability Corporation compares the *previous* annual growth rate of about 0.5% to the *current* rate of 0.9% annual growth.[26] Meanwhile, peak demand is expected to grow to 38 GW through 2028.[27] These trends constitute a paradigm shift,

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[24] PSC Docket EO-2023-0136, Marke Direct Testimony, p.34:14-19 and p.35:2-75.
[25] US Energy Information Administration. "Short-Term Energy Outlook". See p.42, Table 7a. (April 1, 2024).
[26] North American Electric Reliability Corporation. "2022 Long-Term Reliability Assessment". See p.20 and supplemental Table F. (December 2022). Accessed at: https://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/NERC_LTRA_2022.pdf
[27] Grid Strategies LLC. "The Era of Flat Power Demand is Over". See p.3. (December 2023). Accessed at: https://gridstrategiesllc.com/wp-content/uploads/2023/12/National-Load-Growth-Report-2023.pdf

including in the Midwest, and our respective ISO/RTO planning areas. From Grid Strategies:[28]

According to the U.S. Department of Energy, over 200 new manufacturing facilities for transportation and clean energy industries have been announced since the Inflation Reduction Act (IRA) was passed. These facilities represent over $100 billion in new investment. These investments are concentrated in the following planning areas: MISO … and the Southwest …. Near-term load growth associated with these facilities is appearing in several of these regions but does not yet appear in MISO or Nevada's load forecasts.

The IRA authorized many programs to grow the domestic clean energy sector, including via domestic content incentives for clean energy projects that are leading to increased industrial demand for domestically manufactured products, which drives electricity demand in turn. Meta recently announced plans to build a data center in Kansas City with clean energy sourced by Evergy.[29] Rapid growth in artificial intelligence applications will drive even more demand for data centers in the foreseeable future, thereby increasing energy consumption.[30] Transportation electrification is also contributing to increased demand, thanks to EV tax credits and manufacturing incentives in the IRA. Finally, the increasing frequency and severity of extreme weather events has also driven increases in short-term demand, per the examples of recent Winter Storms

[28] Grid Strategies LLC. "The Era of Flat Power Demand is Over". See p.9.
[29] KMBC. "Google Selects Kansas City for Site of New $1 Billion Data Center". (March 21, 2024). Accessed at: https://www.kmbc.com/article/google-kansas-city-1-billion-dollar-data-center/60254979
[30] Reuters. "US Electric Utilities Brace for Surge in Power Demand from Data Centers". (n.d.). Accessed at: https://www.reuters.com/business/energy/us-electric-utilities-brace-surge-power-demand-data-centers-2024-04-10/

Uri, Elliott, and Gerri. This growth will require a shift from the status quo to enable rapid construction of new generation and transmission projects, in addition to DSM strategies that can reduce the impact of the load-growth trend.

Yet, the Federal government has not been aggressive enough in creating pathways to streamline the permitting and construction of new transmission projects. In the late 2010s, the U.S. annual rate of newly installed transmission dropped significantly, to an average of just 645 line miles per year compared to the average of 1,700 line miles installed yearly in the early 2010s.[31] The 13-year fight over permitting for the Grain Belt Express provides a cautionary tale for future transmission expansion in Missouri. Furthermore, U.S. grid operators are unprepared to interconnect all the new generation being proposed; of the RTOs serving Missouri, both the Midcontinent System Operator and the Southwest Power Pool are facing unprecedented interconnection backlogs.[32] As demand for electricity continues to rise, it would be misguided to severely reduce or eliminate the energy savings opportunities that are being provided to Missourians today through the MEEIA programs, as I also argued in the recent Ameren solar CCN docket.[33]

VII. CONCLUSION

Q. Can you briefly restate Renew Missouri's recommendations in your testimony?

A. Ameren Missouri's proposed MEEIA Cycle IV portfolio is ambitious and far-reaching, while satisfying the requirements of the law enacted by the Legislature. The concerns

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[31] Grid Strategies LLC. "Fewer New Miles: The US Transmission Grid in the 2010s." (June 1, 2022). Accessed at: https://gridstrategiesllc.com/project/fewer-new-miles-the-us-transmission-grid-in-the-2010s/#:~:text=Specifically%2C%20the%20U.S.%20dropped%20from,second%20half%20of%20the%202010s

[32] Lawrence Berkely National Labs. "Grid Connection Backlog Grows by 30% in 2023, Dominated by Requests for Solar, Wind, and Energy Storage". (April 10, 2024). Accessed at: https://emp.lbl.gov/news/grid-connection-backlog-grows-30-2023-dominated-requests-solar-wind-and-energy-storage

[33] PSC Docket No. EA-2023-0286. Cross-Surrebuttal Testimony of Emily Piontek, p.15:9-19. (December 15, 2023).

lodged by PSC Staff and OPC witnesses ignore how political uncertainty could impact energy efficiency options for Missouri ratepayers, including whether and how the Missouri DE will disburse Federal funding to assist Missouri households with energy efficiency financing. Moreover, Staff and OPC are willing to discard the increased benefits of allowing Federal and state programs to work with each other that would the maximize benefits of each. Their suggestions that Ameren's MEEIA programs will create free riders at the detriment of non-participating customers not only avoids the fact many Ameren customers are also taxpayers who will fund these appropriations, but also bypasses the legislative intent of MEEIA which established energy efficiency as a state policy goal. The Commission and the investor-owned electric utilities it regulates has spent too much time and too much money on DSM to simply eschew that history and infrastructure of these utility energy efficiency programs. To throw out that work and the associated sunk costs would be a tremendous waste of what has already been accomplished and would foreclose future opportunities.

While we agree with OPC that the low-income programs and PAYS® must be approved for this inclusive financing to benefit Ameren's customers, I would argue that such programs should be allowed to work with potential federal funding to ensure that federal and non-Federal funds can work towards a common goal.

The interests of Ameren's customers demand that policymakers do everything they can to help reduce energy consumption. High electric demand is here to stay. Transmission infrastructure buildout is delayed. Renew Missouri urges the Commission to follow the Company's response to these issues by approving this portfolio, and by doing so in a way that harmonizes other programs so they are working together.

Q: Does this conclude your testimony?

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 of Energy Efficiency as Allowed by MEEIA	)))))	File No. EO-2023-0136

AFFIDAVIT OF EMILY PIONTEK

STATE OF MISSOURI)
) ss
COUNTY OF BOONE)

My name is Emily Piontek, and on my oath declare that I am of sound mind and lawful age; that I prepared the attached Rebuttal Testimony; and further, under penalty of perjury, that the same is true and correct to the best of my knowledge and belief.

/s/ Emily Piontek
Emily Piontek

Subscribed and sworn before me this 26th day of April 2024.

James M. Owen - Notary Public

My commission expires: 8-16-2027

JAMES M. OWEN
Notary Public - Notary Seal
STATE OF MISSOURI
Boone County
My Commission Expires: August 16, 2027
Commission #15637358