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Witness:	Emily Piontek
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MISSOURI PUBLIC SERVICE COMMISSION

EO-2023-0369/0370

SURREBUTTAL TESTIMONY

OF

EMILY PIONTEK

ON BEHALF OF

RENEW MISSOURI ADVOCATES

August 20, 2024

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I. INTRODUCTION

Q: Please state your name, title, and business address.

A: My name is Emily Piontek, Managing Director and Policy Coordinator of Renew Missouri, which is headquartered at 915 East Ash St., Columbia, MO, 65201.

Q: Are you the same Ms. Piontek who filed rebuttal testimony in Case No. EO-2023-0369 as well as EO-2023-0370?

A: I am.

Q: What is the purpose of your surrebuttal testimony?

A: The purpose of my surrebuttal is multifold. First, I highlight recent announcements regarding state implementation of the Federal energy efficiency funding under the Home Energy Rebates Program as evidence supporting Renew Missouri's position that Federal and non-Federal funding for energy efficiency upgrades and projects should be paired where applicable. Next, I respond to the rebuttal testimony of Staff of the Missouri Public Service Commission ("Staff") witnesses Ms. Amy Eichholz and Mr. Mark Kiesling and to Dr. Geoff Marke of the Office of Public Counsel ("OPC"). These witnesses argue against the necessity of Evergy's energy efficiency programs in the face of evolving markets and new Federal programs. In doing so, I introduce three suggested attribution frameworks for the parties to consider in the event the Company's Plan receives full or partial approval.

Q: What is your recommendation to the Commission in this case?

A: As in my Rebuttal Testimony, I again recommend the Missouri Public Service Commission ("the Commission") approve the Plan and permit the Company to pair its energy efficiency programs with measures that are funded, in part, by new Federal funding resulting from the Inflation Reduction Act ("IRA"), particularly those serving low-income customers. At minimum, I urge approval of the Income Eligible ("IE") and PAYS® programs

II. <u>HOME ENERGY REBATES: STATE PROGRESS & IMPLEMENTATION</u>

Q: Can you briefly summarize the U.S. Department of Energy ("DOE") Home Energy Rebates Program?

A: Yes. In 2022, the IRA allocated $8.8 billion of Federal funding to DOE for the Home Energy Rebates Program, which will incentivize residential energy efficiency measures—including appliance upgrades, whole-house measures, and new construction projects. DOE lists overarching goals for the Home Energy Rebates Program, including the creation of *"proven values streams and roles for sustained investments to continue market transformation"* that:

- Catalyze sustained increase in supplier and consumer participation in energy efficiency and electrification upgrades;
- Improve access to energy efficiency and electrification upgrades for low-income households; and
- Showcase the value of *combined* Federal and non-Federal funds (including utility funding) to households and local communities.[1]

Missouri was allocated $150 million via this program, with a significant percentage intended only for IE households. As noted in my rebuttal testimony, the State must apply to DOE for these funds by January 31, 2025 with a plan detailing eligibility

[1] United States Department of Energy ("DOE"), Office of State & Community Energy Programs ("SCEP"), "IRA Home Energy Rebates: Program Requirements & Application Instructions," pp. 4-5 (June 17, 2024). Accessible at: https://www.energy.gov/sites/default/files/2024-06/program-requirements-and-application-instructions_061324.pdf.

guidelines, how the rebates will be made available to consumers, and other relevant program details. This application must be approved before the Home Energy Rebates allocation can be disbursed. Missouri has applied to DOE for early administrative funding to begin standing up the program, but Federal funds are not yet authorized.[2]

Q: Does DOE comment on the issue of "stacking" the Home Energy Rebates with non-Federal funding, such as utility programs?

A: Yes. The DOE Office of State and Community Energy Programs ("SCEP") has issued guidance for states on this exact issue. The recently updated document "IRA Home Energy Rebates: Program Requirements & Application Instructions" states utility programs "*can be used to co-fund any remaining costs for upgrades and individual components of qualified electrification projects beyond the value of the Federal rebate.*"[3] In response to program frequently-asked questions, DOE explains that stacking the Home Energy Rebates with utility programs is "*generally allowable and encouraged*" but "*only if the total rebated value does not exceed the total cost of the project.*"[4]

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[2] Missouri Department of Natural Resources ("DNR"), "Inflation Reduction Act Home Energy Rebates Programs," (2024). Accessible at: https://dnr.mo.gov/energy/what-were-doing/inflation-reduction-act-home-energy-rebates-programs; *see also* DOE Home Energy Rebates Program Tracker (last updated July 19, 2024). Accessible at: https://www.energy.gov/save/rebates?utm_medium=email&utm_source=govdelivery.

[3] "IRA Home Energy Rebates: Program Requirements & Application Instructions," at 4-5; *see also* SCEP, "Guidelines for Leveraging Other Funding Sources with Home Energy Rebates," (January 11, 2024). Accessible at: https://www.energy.gov/sites/default/files/2024-01/Guidelines%20for%20Leveraging%20Other%20Funding%20Sources%20with%20Home%20Energy%20Rebates_final%20for%20Rebates%20Website_1.10.24.pdf.

[4] SCEP, "Home Energy Rebates Frequently Asked Questions," Frequently Asked Question ("FAQ") 11 (2024). Accessible at: https://www.energy.gov/scep/home-energy-rebates-frequently-asked-questions.

Q: Does DOE comment on the issue of braiding the rebates with other Federal programs, like the Low-Income Weatherization Assistance Program ("LIWAP")?

A: Yes. DOE recognizes the importance of both coordinating various programs to maximize the benefits of these programs and "*preventing 'double dipping' across Federal grants and rebates for the same single upgrade or project*."[5] DOE requires Federal grants be "braided" to fund "*distinct and separable measures from the 'single upgrades' or 'qualified electrification projects' funded by a Home Energy Rebate*."[6]

Q: How have states with <u>approved</u> Home Energy Rebates Programs addressed the issue of stacking and/or braiding the Home Energy Rebates?

A: At this time, only a handful of states' Home Energy Rebates Programs have been approved by DOE.[7] Of these, both Maine and Wisconsin have allowed the pathway Renew Missouri is advocating Missouri pursue to administer rebates:

- The Wisconsin Public Service Commission will allow qualifying households to stack its $149 million allocation of the DOE rebates with the statewide program Focus on Energy, which partners with Wisconsin utilities to administer energy efficiency programs.[8]
- The Maine Governor's Energy Office, Efficiency Maine, and MaineHousing will collaborate to deliver the state's $72 million allocation of the Home Energy Rebates and will also allow stacking of DOE rebates to "*complement existing*

[5] "Home Energy Rebates Frequently Asked Questions" at FAQ #10.
[6] "Guidelines for Leveraging Other Funding Sources with Home Energy Rebates."
[7] *See* "IRA Home Energy Rebates Tracker."
[8] Focus on Energy, "IRA Home Energy Rebates," FAQs 6-7 (2024). Accessible at: https://focusonenergy.com/home-energy-rebates#status.

state energy efficiency incentives and Federal tax credits already available to Maine residents and businesses."[9]

It is worth noting that both Maine and Wisconsin differ from the state of Missouri in that each does have a binding energy efficiency policy.[10] However, given these two states are the furthest along in administering the Federal funding, they provide the best comparison at this time. Arizona, California, New Mexico, and Washington have also had their applications approved, but do not publicly list further details regarding incentive stacking and/or braiding. Each of these states anticipates implementation to begin later this year, by which time I would expect such details to be made clear.[11] As of the date of this testimony, I am not aware that any state with an approved Home Energy Rebates Program will prohibit Federal and non-Federal incentive stacking and/or braiding.

Q: Have any states with Home Energy Rebates Programs that are <u>not yet approved</u> addressed the issue of stacking and/or braiding?

A: Yes. Notably, the Kansas Corporation Commission ("KCC") issued an Order directing Evergy on how to proceed with energy efficiency programs authorized under the Kansas

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[9] Maine Governor's Energy Office, "Maine Home Energy Rebate Federal Funding Application Overview," (May 2024). Accessible at: https://www.maine.gov/energy/sites/maine.gov.energy/files/inline-files/ME%20Home%20Energy%20Rebates%20Application%20Summary.pdf.

[10] National Conference of State Legislatures, "Energy Efficiency Resource Standards Report," (updated September 15, 2021). Accessible at: https://www.ncsl.org/energy/energy-efficiency-resource-standards-eers#:~:text=Requirements%3A%20Public%20electric%20utilities%20in,met%20with%20energy%20efficiency%20measures.

[11] For updates, *see* the Arizona Governor's "Efficiency Rebates" at https://resilient.az.gov/resiliency-programs/energy-programs/energy-affordability/efficiency-rebates; the California Energy Commission Office of Resiliency, "IRA Residential Energy Rebate Programs" at https://www.energy.ca.gov/programs-and-topics/programs/inflation-reduction-act-residential-energy-rebate-programs; the New Mexico Energy, Minerals, and Natural Resources Dept. "Home Energy Rebate FAQ" at https://www.emnrd.nm.gov/ecmd/faq/home-energy-rebate-program/; and the Washington State Department of Commerce "IRA Home Energy Rebates Program" at https://www.commerce.wa.gov/programs/home-energy-rebates/inflation-reduction-act-home-energy-rebates-program/.

Energy Efficiency Investment Act ("KEEIA") in light of the state's intention to apply for the Home Energy Rebates (Docket No. 22-EKME-254-TAR).[12] In that case, it was deemed inappropriate to change or modify the utility's KEEIA portfolio given "*much is yet to be determined regarding the IRA rebates.*"[13] Instead, the parties were ordered to periodically report on developments in the Federal funding space and on potential interaction(s) between the IRA and utility programs.[14]

Q: How should the DOE guidance and the actions of other states instruct this proceeding?

A: The DOE guidance supporting Federal and non-Federal incentive stacking and braiding, the decisions of WI and ME permitting incentive stacking and braiding, and the decision of the KCC allowing Evergy to move forward with KEEIA investments *while* tracking IRA implementation all lend support to Renew Missouri's position that Missouri should *allow and encourage* residential programs in this MEEIA portfolio to be stacked and/or braided with the Federal rebates.

III. RESPONSE TO REBUTTAL TESTIMONY OF STAFF & OPC

Q: What do Staff and OPC witnesses say about the role of the Company's programs in achieving energy efficiency objectives?

A: Staff witness Ms. Eichholz argues that the Federal, State, and other non-MEEIA programs available to low- and moderate-income customers render the Company's

[12] Kansas Corporation Commission ("KCC") Docket No. 22-EKME-254-TAR, Order on Evergy's Application and Settlement Agreements. (September 1, 2023).

[13] *Id*.

[14] *See* KCC Docket No. 22-EKME-254-TAR, Report on Federal Funding on Behalf of Kansas Energy Office, Evergy Kansas Metro, Inc., Evergy Kansas South, Inc., and Evergy Kansas Central, Inc. (October 31, 2023).

proposed income-eligible programs unnecessary.[15] Staff witness Mr. Kiesling agrees and also believes the Home Energy Rebates – not the Evergy programs – will be "the driving force" of residential energy efficiency measures and "accomplish the same goals."[16] OPC witness Dr. Marke contends that "naturally occurring energy efficiency adoption" will diminish the impact of the Company's investments.[17]

Q: Why do you disagree with Staff witnesses' claim that the MEEIA programs are rendered unnecessary by the listed Federal programs?

A: I would like to summarize the reasons I disagree by making the following three points:

1. **The IE Programs can ensure long-term energy affordability.** Energy efficiency is nearly always the least-cost resource and is also a more permanent solution to the problem of unaffordable bills for low-income customers. So long as utilities and/or State or Federal entities offer bill assistance to disadvantaged households, these entities should first seek to ensure those same customers have insulated homes, efficient appliances and lighting, and thermal windows. Furthermore, with Evergy West's proposed rate hike currently before the Commission (Case No. ER-2024-0189), it is even more critical that the Company's IE programs support low-income customers in retrofitting their residences and encourage the construction of efficient affordable housing units.[18] From a public policy perspective, efficiency

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[15] Missouri Public Service Commission ("PSC") Docket Nos. EO-2023-0369/0370, Rebuttal Testimony of Amy Eichholz, p. 3:18-19 (July 9, 2024).
[16] Missouri PSC Docket Nos. EO-2023-0369/0370, Rebuttal Testimony of Mark Kiesling, p. 2:2-8, 7:14-18 (July 9, 2024).
[17] Missouri PSC Docket Nos. EO-2023-0369/0370, Rebuttal Testimony of Geoff Marke, p. 2:12-16, 3 (July 9, 2024).
[18] *See* Missouri PSC Docket No. ER-2024-0189, "Minimum Filing Requirements in the Matter of Evergy Missouri West, Inc. d/b/a Evergy Missouri West's Request for Authority to Implement a General Rate Increase for Electric Service," (February 2, 2024).

improvements are a long-term solution to healthy, affordable housing and efficiency investments are a good stewardship of ratepayer dollars. The MEEIA statute recognizes this by not holding the IE programs to the same cost-effectiveness standard as the other MEEIA programs. [19] I recommend the Commission approve the IE programs even if no other programs in the Plan receive approval.

2. **Missouri's Division of Energy ("DE") suffers from capacity challenges.** DE does not appear able to assume the role of delivering energy efficiency programming at the level that would be required if Evergy was no longer the primary energy efficiency program administrator. For one, DE and the community action agencies have historically struggled to disburse weatherization funding. For example, at the July meeting of the Energy & Housing Professional Alliance, DE reported it would need to delay its application for Federal weatherization funding given DE's current focus on developing its Home Energy Rebates Program. This announcement indicates DE does not have the capacity to solely administer energy efficiency (at least at current staffing and/or funding levels).

3. **Evergy plays a critical role in providing energy efficiency.** In contrast to DE, Evergy can (a) identify and target outreach to its customers with high demand and/or unaffordable bills who may benefit from energy savings measures, and (b) support those customers with program enrollment and participation. As a regulated utility with a captive rate base, Evergy has the data to do this analysis and outreach and via MEEIA, the financial incentive to do so. In addition, successful delivery of the

[19] Section 393.1075, RSMo.

Company's programs is the product of years of community input, trial-and-error, training, and lessons learned that would not be easily replicated or replaced.

Q: As with the IE programs, are there other programs you would like to address?

A: Yes, I would like to note that the Company's Pay-As-You-Save® ("PAYS®") is as important as the IE programs and should not be considered duplicative of any State or Federal programs. Rather than monetary incentives or rebates for efficiency measures, the value of PAYS® is in drastically simplifying home efficiency for the customer, as well as removing the upfront cost. PAYS® also provides a free home energy analysis to give homeowners an idea of the specific measures they might need, along with associated costs and expected savings. Without the included walkthrough, participants would have no understanding of their efficiency needs or opportunities, which is critical to ensuring utility and non-utility funds are spent on the most effective measures.

This Commission must not squander the progress made toward a PAYS®-based model for residential energy efficiency in Missouri. Evergy and its implementer EEtility have learned a lot about PAYS® since launching the program. Much progress has been made to figure out the program economics, cost-effective measures, and how to offer customers a buy-down option to allow measures to pay for themselves (the "80-20 Rule"). In addition, EEtility has been able to incorporate the home certification framework offered by Pearl Certification ("Pearl"), a company which offers nationally recognized third-party home certifications, ongoing homeowner engagement, and support for professionals involved in renovating, building, and selling high-performing homes. Pearl's certification report product makes the efficiency features in a home visible and exciting to homeowners, real estate agents, appraisers, and home buyers. Buyers have shown they are willing to pay more for a high efficiency home, creating additional interest and demand for energy efficiency. Finally, Missouri regulators, utilities, and other stakeholders are building toward a potential statewide PAYS® model. I recommend the Commission affirm this progress on PAYS® by approving the PAYS® program even if the Commission does not approve the overall Plan.

Q: How do you respond to OPC's comments about the impetus of energy efficiency adoption?

A: While technological advancements, appliance and market standard improvements, and other factors influence consumer choices, the literature on residential energy efficiency adoption makes clear that "prompting" consumers with a suite of solutions to structural, economic, and behavioral barriers to adoption is key. A 2019 systematic review of studies on household energy efficiency adoption suggests the critical importance of both policy design (e.g., tax reductions, subsidies, discounts, prohibitions) and promotion (e.g., educational efforts, marketing) in removing structural, economic, and behavioral barriers.[20] This work highlights the entwined role of subsidies and educational campaigns, particularly for energy efficiency measures with high capital costs (e.g., residential heating, wall insulation, heat pumps, EVs). The review authors also found that behavioral barriers (e.g., inertia, risk aversion, and persistence with sunk costs) limit the extent to which consumers "naturally" pursue energy efficiency measures.

Evergy's program delivery infrastructure offers solutions informed by *years* of stakeholder input and lessons learned from implementation. Given the research findings

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[20] Laurens X.W. Hesselink and Emile J.L. Chappin, *"Adoption of energy efficient technologies by households – Barriers, policies and agent-based modelling studies,"* Renewable and Sustainable Energy Reviews 99, 29-41 (2019). Accessible at: https://www.sciencedirect.com/science/article/pii/S1364032118306737.

discussed above, forfeiting this long-standing infrastructure and hard-earned insights entirely would likely create a negative impact on energy efficiency adoption in Missouri.

Q: What concerns related to the attribution of savings from Federal and/or non-Federal incentives do Staff and OPC witnesses raise?

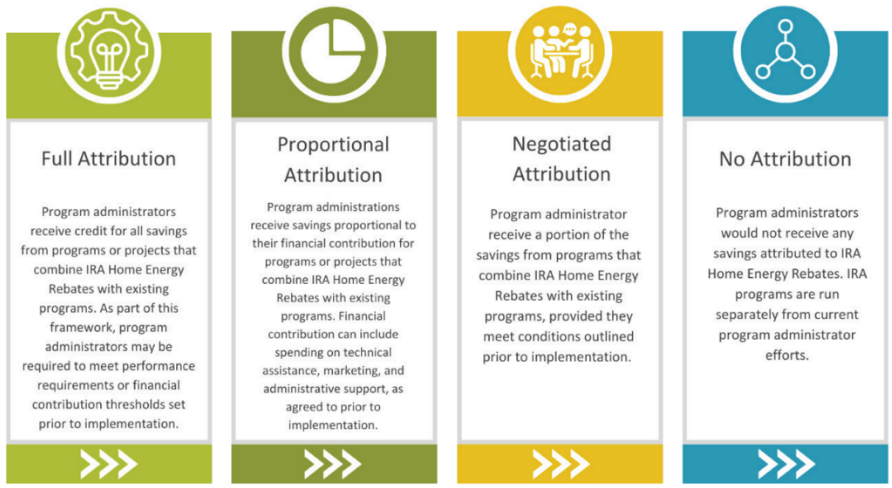
A: The witnesses are also concerned about attribution of energy savings resulting from the Federal versus non-Federal incentives. Mr. Kiesling argues that Evergy's Plan lacks sufficient accounting for the impacts of Federal funding and therefore indicates Evergy's intention to "take credit for energy efficient upgrades that are not driven by its MEEIA programs."[21]

Q: How do you respond?

A: To the question of attribution, I would direct the parties to a newly-published resource "Expanding the Energy Savings Pie: Attribution Frameworks to Align IRA Home Energy Rebates and State Programs" developed by Northeast Energy Efficiency Partnerships ("NEEP"). [22] This report offers robust guidance to lead states through program development. NEEP proposes four possible frameworks (depicted in Fig.1) for savings attribution, ranging from *fully attributing savings* to program administrators when Non-Federal programs are combined with the Federal Home Energy Rebates to separately administering the Federal programs and *attributing no savings* to administrators of Non-Federal programs.

[21] Kiesling Rebuttal at 7:14-18.
[22] Northeast Energy Efficiency Partnerships ("NEEP"), "Expanding the Expanding the Energy Savings Pie: Attribution Frameworks to Align IRA Home Energy Rebates and State Programs," (July 2024). Accessible at: https://neep.org/expanding-energy-savings-pie-attribution-frameworks-align-ira-home-energy-rebates-and-state.

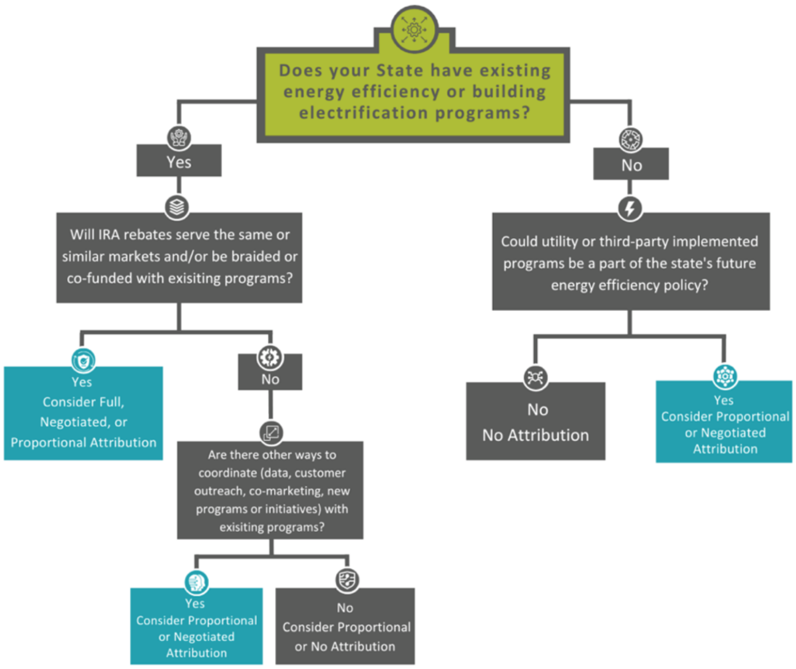
Figure 1. Frameworks for Attributing Savings from Federal Home Energy Rebates to Non-Federal Programs (NEEP, 2024)[23]



It is important to note that the "Negotiated Attribution," "Proportional Attribution," and "Full Attribution" frameworks provide recommendations on attributing savings based on the program administrator's ability to meet agreed-upon conditions and/or the level of financial or administrative support provided by the program administrator to the state. NEEP recommends Full, Proportional, or Negotiated Attribution in cases where the Home Energy Rebates will serve overlapping markets, as in Fig. 2:

[23] *Id*. at 5, Figure 1.

Figure 2. Decision Tree for Attribution Frameworks (NEEP, 2024)[24]



As the Federal rebate program is still in its early stages in Missouri, this is the time for the parties to plan for attribution of energy savings and program interactions. Renew Missouri recommends the Federal Home Energy Rebates and Evergy MEEIA programs be stacked where applicable, so the combined rebates can serve overlapping markets and maximize positive consumer impact. To implement this recommendation, I urge the parties explore applying the Full, Proportional, or Negotiated Framework discussed herein.

Q: Does this conclude your surrebuttal testimony?

A: It does, thank you for your attention.

[24] *Id*. at 23, Figure 2.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Evergy Metro, Inc. d/b/a Evergy Missouri Metro's Notice of Intent to File an Application for Authority to Establish a Demand-Side Programs Investment Mechanism	)	**File No. EO-2023-0369**
In the Matter of Evergy Missouri West, Inc. d/b/a Evergy Missouri West's Notice of Intent to File an Application for Authority to Establish a Demand-Side Programs Investment Mechanism	)	**File No. EO-2023-0370**

AFFIDAVIT OF EMILY PIONTEK

STATE OF MISSOURI)
) ss
COUNTY OF BOONE)

My name is Emily Piontek, and on my oath I declare that I am of sound mind and lawful age; that I prepared the foregoing Surrebuttal 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

Subscribed and sworn before me this 31st day of July, 2024.

Notary Public - James M. Owen

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