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

NRDC'S OPPOSITION TO NONUNANIMOUS STIPULATION AND AGREEMENT AND BRIEF IN SUPPORT OF AMEREN MISSOURI'S APPLICATION TO APPROVE DSIM AND DEMAND-SIDE MANAGEMENT PORTFOLIO AND PLAN

COMES NOW Natural Resources Defense Council ("NRDC"), and pursuant to 20 CSR 4240-2.115, objects to the terms of the Non-Unanimous Stipulation and Agreement Regarding the Implementation of Certain MEEIA 4 Programs Through Plan Year 2027 filed in this matter on October 30, 2024 (the "Stipulation"). NRDC objects to the entirety of the Stipulation, because it would result in a lower level of megawatt and megawatt-hour savings and would significantly reduce the number of energy efficiency programs Union Electric Company d/b/a Ameren Missouri ("Ameren" or the "Company") would implement, thereby lowering the demand side savings the program would achieve, contrary to the letter and spirit of the Missouri Energy Efficiency Act. As NRDC has made clear in its testimony and position statement, it supports Ameren's proposed electric Missouri Energy Efficiency Investment Act ("MEEIA") 2025-2027 Demand -Side Management ("DSM") Portfolio (referred to herein as the "Plan" or the "Proposed Plan"), recommending modifications that would *increase*, not decrease, the energy savings that could be achieved for ratepayers by the portfolio. The Stipulation would result in an outcome contrary to that position, and accordingly, NRDC did not agree to join it.

WHEREFORE, NRDC respectfully requests the Commission reject the Stipulation and approve the Proposed Plan, and submits its Brief contemporaneously herewith in support of its position.

BRIEF OF NRDC

I. INTRODUCTION

On January 25, 2024, Union Electric Company d/b/a Ameren Missouri ("Ameren" or "Company") proposed electric Missouri Energy Efficiency Investment Act ("MEEIA") 2025-2027 Demand -Side Management ("DSM") Portfolio (referred to herein as the "Plan" or the "Proposed Plan"), which will serve as the fourth plan. Over the three-year Plan period, Ameren has proposed a portfolio of 17 programs projected to achieve a cumulative 822 gigawatt-hours ("GWh") in net energy savings and a cumulative 517 megawatts ("MW") of demand reduction over the three-year period.

In support of the Plan, Natural Resources Defense Council ("NRDC") offered the direct and rebuttal testimony of Stacy Sherwood. As set forth in Ms. Sherwood's testimony and in NRDC's Position Statement, NRDC asserts that the Commission should approve the Plan, with modifications. NRDC suggests to the Commission that the Plan offers a wide-ranging portfolio of programs and measures across different ratepaying classes, and with three program expansions as set forth in Ms. Sherwood's testimony, NRDC takes the position that the Plan will provide cost-effective reductions in demand and energy usage, while also offering benefits to customers in all rate classes. For these reasons, NRDC recommends the Commission approve the Plan.

II. LEGAL STANDARD

It is the policy of the State of Missouri as set forth in the Missouri Energy Efficiency Investment Act "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."[1] The Commission "shall permit electric corporations to implement commission-approved demand-side programs proposed pursuant to this section with a goal of achieving all cost-effective demand-side savings."[2] In its Order for Evergy Missouri's MEEIA cycle 3, the Commission found that benefits were provided by that program to customers in all customer classes, noting that "Benefits from a reduction in a customer's bill is not the only benefit to customers. There are also societal benefits, such as improved health and safety, investment in local economies, and local job creation."[3] As such, in evaluating the Plan, the Commission must examine the sufficiency of the Company's investment in energy efficiency, in much the same way as traditional investments such as power plants and delivery infrastructure are evaluated.

III. DISCUSSION

The Proposed Plan should be approved and Ameren's MEEIA programs should be used with other resources rather than supplanted by them. MEEIA programs provide cost-effective reductions in demand and energy usage, while also offering benefits to customers in all rate classes in which programs are provided. These benefits include reduced demand and overall energy usage, increased system reliability, lower utility bills, job creation, and decreases in greenhouse gas emissions, pollution, and overall natural resource use.[4] These are all benefits the Commission has previously recognized.[5] The Company's most recent IRP demonstrated that the Ameren MEEIA programs have to date offset the Company's load growth over the past three

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[1] Mo. Rev. Stat. § 393.1075.3.
[2] Mo. Rev. Stat. § 393.1075.4.
[3] Public Service Commission of Missouri Order dated December 11, 2019, in File No. EO-2019-0132, *In the Matter of Evergy Missouri Metro and Evergy Missouri West's Notice of Intent to File Applications for Authority to Establish a Demand-Side Programs Investment Mechanism*, page 14, paragraph 39.
[4] *See* Rebuttal Testimony of Stacy L. Sherwood at pp. 4-5, filed in this matter on April 26, 2024 as Docket Item No. 65 ("Sherwood Rebuttal).
[5] *See* Note 3.

years.[6] In addition, the IRP demonstrated that the highest revenue requirements resulted when demand-side management was excluded from alternative planning scenarios.[7] If there are concerns about how the Company's MEEIA programs are addressing capacity needs in the service territory, instead of limiting or removing such programs, the Commission should examine the sufficiency of the Company's investment in energy efficiency, in much the same way as traditional investments such as power plants and delivery infrastructure are evaluated.

Energy efficiency is one of the lowest cost energy resources to invest in and provides quantifiable benefits well beyond the cost to deliver the programs. On average, the energy efficiency of the proposed portfolio in the initial application provides a return of $2 for every dollar that is invested in the programs.[8] When cost-effectively implemented, energy efficiency programs provide a variety of benefits to ratepayers, the utility, and the environment.[9] First and foremost, energy efficiency can reduce demand and overall energy usage for the participant, which can translate into deferred investment in new electricity generation and infrastructure, at both the distribution and transmission level. Impacting overall load and energy demand can provide increased reliability, even more so if dispatchable demand response is included in the portfolio, which is realized by participants and non-participants. Improved energy efficiency provides economic benefits, such as lower utility bills for both participants, through direct participation, and for non-participants through the stabilization of electricity prices. Furthermore, energy efficiency programs can promote job creation in the area and influence trades, such as heating, ventilation, and air conditioning, to train the workforce. Environmentally, the programs

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[6] Sherwood Rebuttal at p. 6.

[7] *Id.* at pp. 6-7.

[8] https://www.ncsl.org/research/energy/promoting-cost-effective-utility-investment-in-energy-efficiency.aspx.

[9] Sherwood Rebuttal at pp. 4-5.

decrease greenhouse gas emissions and other pollutants, as well as decrease the use of other resources, such as water.[10] While there are direct benefits for those who participate in the programs, energy efficiency programs can provide in-direct benefits for all ratepayers.[11] The total resource cost ("TRC") test, which is used to evaluate the cost-effectiveness of the MEEIA programs, does not capture all of the benefits provided by energy efficiency. Non-monetized benefits such as societal benefits such as improved health and safety, investment in the economy, and job creation are not captured as part of the TRC test but do benefit both participants and non-participants, across all customer classes.[12] Another example of this is a reduction in emission and pollutants benefits all customer classes.[13]

In its Order for Evergy Missouri's MEEIA cycle 3, the Commission found that benefits were provided to customers in all customer classes, noting that "Benefits from a reduction in a customer's bill is not the only benefit to customers. There are also societal benefits, such as improved health and safety, investment in local economies, and local job creation."[14]

As part of its IRP filing, Ameren noted that the MEEIA cycles to date have reduced energy sales by approximately 1% in each of its program years. Over the past three years, "Ameren Missouri's customer counts in residential and commercial classes have grown steadily between 0.5 and 1% year over year. However, the savings from the energy efficiency programs have diminished any sales growth achieved as a result of this customer growth."[15]

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[10] *Id.*
[11] *Id.* at pp. 5-6.
[12] *Id.*
[13] *Id.*
[14] Public Service Commission of Missouri Order dated December 11, 2019, in File No. EO-2019-0132, *In the Matter of Evergy Missouri Metro and Evergy Missouri West's Notice of Intent to File Applications for Authority to Establish a Demand-Side Programs Investment Mechanism*, page 14, paragraph 39.
[15] *Ameren 2023 Integrated Resource Plan*, Ameren Missouri, Chapter 3, p. 32-33. https://www.ameren.com/-/media/missouri-site/files/environment/irp/2023/ch3.ashx.

In addition to addressing load growth, in Missouri DSM investments are required to be valued equal to traditional investments in supply and delivery infrastructure.[16] Additionally, as part of the IRP process, the combination of DSM programs and supply side resources should be reviewed for how they may reduce the net present value of the revenue requirement.[17] The 2023 Ameren IRP reviewed 23 alternative resource plans and noted that the inclusion of DSM with supply side resources reduced the overall revenue requirement. In fact, excluding the DSM programs resulted in those plans having the highest revenue requirement.[18] Before reducing Ameren's MEEIA portfolio, the Commission should seek to understand the impact those reductions would have on the IRP and subsequently the Company's supply side needs.

It is evident through the IRP process that Ameren's MEEIA programs provide benefits as part of the resource planning and to ratepayers throughout the service territory. Ameren's MEEIA programs can be used to offset supply side needs not only from growth but also electrification impacts that may result from items such as the adoption of electric vehicles. In making its decision, the Commission should determine whether the level of investment in energy efficiency is sufficient to have it be utilized similarly to supply side resources and delivery infrastructure to address capacity and reliability concerns.

The impact of the Inflation Reduction Act funds is unknown at this time, as is much as the overall design and implementation of IRA related programs in Missouri currently. The Commission should not reduce program funding based on speculation of the roll out of the IRA funds and potential free ridership. The entire state of Missouri was awarded $151 million for the Home Energy Rebates under IRA, of which up to 20% can be used to administer the funds,

[16] Mo. Rev. Stat. § 393.1075.3.
[17] Sherwood Rebuttal at pp. 6-7.
[18] *Id.*

lowering the amount of available funds to $120 million.[19] This funding is available statewide, expanding beyond Ameren's service territory and the majority of IRA funds are dedicated to low-income single and multifamily homes.[20] The Missouri Department of Natural Resources, the agency that will receive the funding, states on its website, "Consumers should be aware that federal funding for this program is limited and will only be sufficient to reach a limited set of households."[21]

Using the average maximum rebate level of $14,000, this could mean approximately 8,600 households ***statewide*** may receive funding for energy efficiency under the IRA program. The Home Rebates Programs for Missouri are still being designed, with the application not due until January 31, 2025. However, based on conversations in various states, it is possible that given the utilities' expertise on administering the MEEIA energy efficiency programs, the utilities may be asked to assist with the administration of the IRA rebates.

If there are concerns about attribution of IRA related programs, the Commission should develop recommendations for attributions, after the state reveals the implementation plan for the IRA funding. The level of attribution should be commensurate with the utilities level of effort to administer the programs and there has been recommendations behind how much attribution should be given based upon involvement in the disbarments of the funds.[22] Furthermore, in addition to addressing attribution related to MEEIA, the Commission can and should determine how much of the savings should be included as part of the utility incentive.

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[19] Sherwood Rebuttal at pp. 16-17.
[20] *Id.*
[21] Inflation Reduction Act (IRA) Home Energy Rebates, Missouri Department of Natural Resources, accessed April 24, 2024, https://dnr.mo.gov/energy/what-were-doing/inflation-reduction-act-home-energy-rebates-programs.
[22] https://neep.org/sites/default/files/media-files/neep_attribution_frameworks_ira_final.pdf

Outside of the MEEIA programs, there are limited resources available, particularly funding, to promote energy efficiency and reductions in consumption at the same level as MEEIA and address the level of demand. The level of need and demand for energy efficiency programs likely outweighs the available funding, financing, and resources within Ameren's service territory, much less the entire state. The number of Missouri residences weatherized per year by state's weatherization assistance program ("WAP") falls far below the need in the state. In the 2024 program year, WAP plans to weatherize 1,200 homes across all of Missouri.[23] Per the DOE LEAD tool, in Missouri there are approximately 312,000 households that are at or below the federal poverty level ("FPL").[24] There are significantly more homes statewide that are experiencing high or severe energy burdens within the income-eligible guidelines for WAP.

There has been discussion of the amount of administrative funds allocated to various programs in the Ameren portfolio. The Commission should develop a consistent definition of administrative costs, such as whether labor to install measures under a low-income program are considered administrative or an incentive. Without a formal definition, it can be difficult to make a comparison to other program offerings in Missouri, as well as by other utility energy efficiency programs.

Dismantling and/or reducing the MEEIA portfolio can eliminate cost-efficiencies developed through economies of scale and can send confusing market signals to customers and vendors. If there are plans to move to a statewide effort rather than an individual utility effort, it would make sense to provide a plan and timeline for all involved parties, especially contractors

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[23] Missouri Weatherization Assistance Program Annual Rile Worksheet, Program Year 2024, Missouri Department of Natural Resources, page 1, https://dnr.mo.gov/document-search/missouri-weatherization-assistance-program-weatherization-annual-file-worksheet-program-year-2024.

[24] LEAD Tool for Missouri using electric heating fuel type only, DOE, https://www.energy.gov/scep/slsc/lead-tool.

and vendors so that they can plan accordingly with their businesses. Ramping down programs without a timeline can be detrimental to future program success due to uncertainty.

The Commission should approve Ameren's proposed electric MEEIA 2025-2027 DSM with the following recommendations:

- Limit availability of residential lighting measures due to the Energy Independence and Security Act of 2007 ("EISA"), which established that all general service lamps must meet LED standards and set high efficiency LEDs as the baseline.
- The residential demand response program be expanded to offer winter demand response opportunities and to include small business customers. The current program reduces demand during events occurring from May through September and could be expanded to include winter events using the same thermostat that residential customers have already enrolled. Expanding the demand response program to include winter months would provide more system flexibility.
- Additionally, Ameren should consider expanding the residential demand response program to include small businesses. It is unclear how small business customers can participate in the Company's current business demand response program. Many small businesses could participate in a program similar to the residential demand response program by enrolling thermostats or installing direct load control switches.

IV. CONCLUSION

NRDC respectfully requests that the Commission reject the Stipulation and approve the Plan, with the modifications recommended herein.

Dated November 5th, 2024

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on this 5th day of November, 2024, a true and correct copy of the foregoing pleading was filed on EFIS and sent by email to all counsel of record.

/s/ Sarah Rubenstein
Sarah Rubenstein