

**Notes from the January 15, 2015 Workshop on Revision to Regulations
Associated with the Missouri Energy Efficiency Investment Act (MEEIA)
EW-2015-0105**

The following are notes, as captured by Staff of the Public Service Commission (PSC), from discussions at the first Workshop. The notes were an effort to summarize verbal comments from stakeholders on recommended revisions to the regulations. The subject headings are from the written comments submitted by interested parties ahead of the meeting. Where speakers identified themselves, an attempt was made to attribute the comment to the speaker. Where no notes are entered below a subject, it reflects no additional verbal comments were made on the topic by stakeholders attending the meeting.

Opt out customers

Diana V – don't support additional restrictions or options. Dictated by statute

1. Should there be an expiration/renewal date?

Ken Baker – WalMart – Support opt out option, but do not think additional burdens should be added. A renewal process would create an unfair admin burden on 2.5MW class. They have already gone through a showing that they qualify, which is expensive and time consuming. They have many programs, and pulling together all of the relevant details are difficult. Their EE programs save everyone money on electricity in the long run, and he does not support anything that makes that more difficult.

Dave Woodsmall – only apply to the 2.5 class, not the 5MW. Rule review will be done on a regular basis. The utilities EE measures are still there. Wait until utilities have rolled out more options. The focus is on residential; the utilities do not target the other classes for EE measures.

Al – Div of Energy – Recognize changing conditions and that things can change is important.

2. Suggestion for annual reports quantifying energy savings achieved.

Apply this just to 2.5MW class. Improve the transparency and what being achieved. What is being saved outside the context of MEEIA?

Diana V. Commission does not have jurisdiction to require 5MW customers to report.

Steve – What is the cost to the customer? EE implementation will save the incoming customer money and provide benefit. Does that provide any additional savings? Guidance is very important.

Ken – not all customers have the ability to do that. Customer could increase the EE but their load could go up due to new product. The rates are often already higher for the customers affected by this.

Lewis – How do we get the information on all the energy that is being saved so it can be used for compliance with the Clean Power Plan? Don't make the opt-out provisions more difficult to track saved energy per purposes of compliance with clean power plan.

Unknown – How would you make such reporting confidential? Most of this information is business secret/sensitive. If it's used for Mo CPP compliance, and EPA demands proof, how do you avoid having to provide that information to the Feds?

3. Suggestion to change "customer" to "customer site" so participant cannot opt out because business sold.

Customer has 5 facilities, could they opt out on 4 and receive rebates on the 5th.

Tom Thompson- original owner received incentive, and then the new owner wanted to opt out. So you got paid to install something, but you don't want to pay into rates so utility can recover costs. Need to clarify rules.

Woodsmall-The new owner should not be able to take advantage. Could cause other problems. Needs to be more narrowly tailored.

4. Suggestion to require opt-out customers to make an equivalent amount of investment in energy efficiency at their facility.

Diana V. – The laws do not require customers to demonstrate savings.

Ken Baker - Customer going to expense to implement EE measures, That means everyone saves. Why another charge?

Need more clarification to allow customers to recognize what is the target.

5. Suggestion to require customers who opt out to pay under a different rate schedule that is not subsidized by customers who did participate in MEEIA programs.

Dave Woodsmall – what are you comparing to? What beat or exceed.

?? – Need a better ability to track EE to understand what situation we are in. Should not have to check EM&V for every EE measure. We do not want to increase the difficulty. Refer to 111(d).

6. Suggestion to add more detail to the regulations on how eligibility will be determined by Staff.

Div of Energy - Need more detail on standard. Some form of standardization.

Woodsmall – Difficult not knowing the target comparing against. See difficulty in changing the rule.

Diana V – Mean all customers? Would violate the statute to require anything of 5MW customers.

Brubaker – Competitively sensitive information, very skittish of that kind of requirement. Need strong confidentiality standards in place.

Tried in several places, is there some sort of tagging system. Would we be required to have a meter on everything we put in.

Market Potential Studies

1. Should census data and GIS mapping analysis be required when conducting market potential studies?

Anika - National Housing Trust. Concerned results latest Ameren IRP shows 5% multi-family in their service area, Census shows 16%. We would like to know what data Ameren is using to come up with their estimates, and include mapping.

Rick Voytas – We do use census data in every study.

2. Suggestion to clarify what study results mean - that they provide goals or options rather than specifying targets.
3. Suggestion to set clear guidelines and include instructions on how to perform market potential studies.

Tim Opitz OPC – More of the process needs to be laid out in the rules to avoid inconsistencies. Instead of EM&V questions being sorted out on the back end. There is no verification of the projections in the potential study. Need some sort of way to verify the potential study, either concurrently with the study or shortly after.

NHT – Need an auditor or something of that nature, there is wide divergence depending on who is doing the potential studies. Statewide potential study framework, as a state we are conducting a potential study that is verified and accepted by all.

Rick V Ameren – A statewide study was done, the commission acknowledged the study was complete but did not accept it. The service areas in MO vary too much for one study to accurately represent the whole state. Not sure it is the right way to go. The amount of

prudence/due diligence, there is a timing concern. Potential study normally takes about 12 months. Timeliness associated with whatever we choose.

4. Suggestion that rules should ensure all sectors, including multifamily housing, are addressed in studies.
5. Suggestion that there be a definition of “all cost effective” for use in studies.

Prudence Reviews

1. Should the rules include guidelines for prudence reviews?

“Non-energy Benefits”(NEBs)

- 1 Suggestion to include NEBs as an adder to customer benefits in cost tests/avoided costs.

Ken – So extremely difficult to quantify. Is that savings going to be passed on to customer?
Insure accuracy

National Housing Trust – There is fairly extensive research on quantify. There is a range of what states do to add a value for NEBs. Some are easy, some are hard to quantify. But we know it isn't zero. There can be an extra adder for low-income. Improving cost effectiveness so it passes the cost tests. They will supply additional information on what other states are doing.

Geoff M – OPC – Not opposed for definition. Suggest additional details, targeted approach.

Brubaker – Opposed to put numerical values on cost effectiveness test. Agree 0 may be wrong, but we don't know what the number is. Does not support an arbitrary value be added.

Becky Stanfield NRDC – 0 is inaccurate. Find an appropriate value for Missouri.

Roger – KCPL – interested in more information for the adder.

MIEC – opposed to NEB values in general due to “squishiness” of the numbers. It is difficult to analytically reflect numbers for elements such as customer satisfaction.

2. Suggestion that NEBs include the following considerations: reduction of greenhouse gas emissions, increased customer satisfaction, ability to pay, reduced collection calls and termination/reconnection costs, improved health and reduced health care spending, increased comfort, reduced property maintenance costs, reduced water bills.
3. Suggestion to add definition of NEB to regulations.

Alternatives to the Total Resource Cost (TRC) test and tweaks to the TRC test

1. Suggestion that rules specify the TRC is to be used for calculation of net shared benefits.
Tim O – OPC – Believe the test should be the TRC. Clarify in the rules that TRC is used.
Eliminate battles in rate cases.

2. Suggestion that rules list the specific inputs into the TRC.
Dan ACEEE, if you include the cost you should include the benefits. The TRC test does not include all of the benefits.

3. Suggestion that rules specify that avoided probable environmental compliance costs be included consistent with 393.1057.2(6).
Renew Missouri - MEEIA rules should try to tackle this. Some sort of formula be included in the rule.

4. Suggestion that rules include flexibility to switch to Utility Cost Test instead of TRC.
Div. of Energy – Need stronger language. Consider the Societal Cost Test. If the utility can make the case then it completely changes the potential study. There should be a mechanism deciding if they are appropriate.
GM-OPC – If it is used in potential study then it should be used for other tests. Regarding other test, falls in to the hazy non environmental areas. Transparency is what we recommend. Consistent throughout the process

ACEEE-What test and how to apply is being wrestled with on a National basis. There are ample resources.

Net Shared Benefits (NSBs)

1. Suggestion that NSBs be measured over the lifetime of the program rather than “annually”.

Ameren – Annual calculation is only reflecting a year, not a lifetime of NSB. Want to use calculations of Lifetime Benefits.

2. Suggestion to revise regulations to calculate utility’s incentive based on NSB, rather than on annual demand and annual energy savings baseline.

GM-OPC would be opposed. Our experience the calculation of NSB is not transparent enough.

Definitions to be added or revised

1. Non-Energy Benefits
2. All cost effective – measures a utility can reasonably expect to achieve in the “real world”.
3. Residential multifamily
4. Low income customers – Annika – These are owners who have to certify income. Take advantage of the fact that data is available.
Jill – a lot easier for the residents if they only have to verify their income once. Use existing qualifications.
5. Realistic Available Potential –all cost effective energy efficiency that can be achieved based on realistic assumptions regarding customer behavior.

6. Lost Costs – expand to include throughput disincentive, so as to ensure full recovery of all costs lost by a utility as a result of MEEIA.

GM-OPC – what is the intent of the definition?

Ameren – asked for it to be included, would like to see the throughput disincentive added to Lost Costs.

7. Annual net shared benefits – amend to change ‘incentive’ to ‘utility performance incentive’ so as to differentiate between the terms incentive and end use measure.

Allow for prospective instead of retrospective recovery

OPC – not in favor of this

Ameren feels it is already well documented and asks why this is needed. It included it in its most recent MEEIA filing.

Net to Gross (NTG) determination

Suggestion that rules require that NTG formula “shall” include free ridership (including leakage), spillover, rebound effect, and market effects.

OPC – Not all of those inputs will apply in every case. Most important that the parties agree up front at the start of a rate case, instead of requiring that they have input on what should be in EM&V change orders and such.

Statewide Collaborative/Technical Resource Manual (TRM)

1. Is the Statewide TRM a worthwhile goal?

OPC – thinks it is a worthwhile goal. Can start small; add measures as they are agreed upon.

Div of Energy & Renew Missouri agree worthwhile goal

Renew Missouri recognizes the value to other entities as well as municipalities. It believes an incremental approach is key. We really need a statewide reference such as this. Willing to work on a working group to get the process started.

2. What changes should be made to the regulation?

Energy savings goals in 4 CSR 240-20.94(2)

1. Are the voluntary goals meaningful?

OPC – Goals are a moving target. Not worthwhile, strike them.

Ameren – Agree with OPC, strike.

Renew Missouri -Illinois are going after 2%, Michigan 1.5 by the end of the year. No reason Missouri should not be competing. Keep them and strengthen the goals.

DOE – Should be reviewed and should provide targets to have some guidance as to what “all cost effective” means. Update them.

NRDC – Keep it, must have something other than utility driven potential studies as targets. Need something to be able to evaluate effectiveness of programs. There is a perverse incentive for utilities to under-estimate what’s possible so as to get bonus incentives.

OPC – Not opposed to goals, just how they are currently written. Need to reframe and clarify when goals are to be met. Not all utilities have a MEEIA program at this time.

ACEEE – States that set goals seem to be more effective

2. If the goals are retained, how should they be modified?

Decoupling

1. Is decoupling allowed under Missouri law?

2. Should rate decoupling be implemented?

Walmart – Opposes moving costs to fixed rates. Believes demand charges are too low due to fixed rates.

Brubaker – Opposed to revenue decoupling. Decoupling will result in higher volatility.

NRDC supports revenue decoupling, can be done in a way to protect businesses from volatility.

3. Suggestion that stakeholders consider full revenue decoupling.

Combined Heat and Power (CHP)

1. Suggestion that rules be modified to encourage further development of CHP

Div of Energy – you can reduce or shift to different time periods. Other measures interrupt or curtailment may not result in new reduction. Important when reviewing, should be acknowledge broader view and would be helpful to include CHP in that list. Achieve clarity in CHP and other DS programs.

Renew Missouri – Agree. Add the word utility provided electricity.

Andy Zellers – include CHP and add to that list to provide clarification. Included, but not limited to.

KCPL – not needed to put in rules because something that is going to be looked at.

NRDC – suggested Illinois has completed the process of how CHP would be included.

2. Suggestion that rules include broader definitions of “energy efficiency” [4 CSR 240-20.093(1) (U)] and “demand response” [4 CSR 240-20.093 (1) (K)].

Enable pursuit of energy efficiency gains from “non-traditional sources”

- Are diminishing returns affecting current efforts?

Ameren - Definition should include just about anything that reduces greenhouse gas emissions, such as EVs. Traditional equipment is getting more difficult to serve an impact.

Renew MO - Get creative about where to pursue future energy efficiency. We have a long way to go. All agree that we should be going after these savings.

OPC-Agree with Renew Mo – Needs to be evaluated on a case by case scenario.

- What other energy efficiency programs should be pursued?

Increase flexibility to change energy efficiency offerings.

1. Suggestion to raise the 20% limit related to the requirement to file a complete explanation when 3-year budget or program design is modified.

KCPL – Increase percentage, but open to something other than a percentage

2. Suggestion that rules provide greater latitude for changes requiring commission approval.

KCPL - All the parties agree that it should be changed. Need the ability to make changes without getting Commission approval. Permission for a certain amount allocated toward programs vs. a specific program. Need to streamline the process.

3. Suggestion that rules enable the reallocation of funds among program elements.

KCPL - Informal process unless issues arise.

ACEEE – Flexibility in making changes in programs and allocations is key. Supports the ability to reallocate funds to successful programs.

4. Suggestion that rules allow changes to program delivery based on expert implementation contractor input.

KCPL – during the course of implementing a process you learn it may not end the way you wanted.

5. Suggestion that rules allow starting and stopping programs that are not working.

6. Suggestion that incentives, program costs, and targets be adjusted in rule revision.

7. Suggestion that load reduction goals to reflect customer opt out be adjusted in rule revision.

8. Suggestion that rules specify what documentation is necessary for approval of changes related to flexibility.

ND – MoPSC – minimal/stake holder process

9. Suggestion that demand-side investment mechanism (DSIM) be adjusted annually instead of semi-annually.

Ameren – if we do it, we plan to do it in conjunction with the FAC changes.

10. Suggestion that Commission approval of DSIM last more than 4 years.

Programs are 3 years, we do not find out all of the results until after the 3 year period . Follow-up process can take 2 more years.

11. Suggestion that rules allow adjustments to DSIM for program costs, throughput disincentive, and performance incentive costs.

Ameren – in the rule it says you can only adjust for program costs

MEEIA reporting requirements

1. Are an annual report, surveillance monitoring report, quarterly DSM report, and EM&V reports really necessary?

KCPL Could we eliminate portions of them. Believes there is overlap within the reports listed, but did not have examples at the moment.

2. Discuss current variances to MEEIA rules/timing and calculation of recovery of net shared benefits.

3. Suggestion to remove link between MEEIA and IRP processes.

Brenda – Div of Energy – MEEIA does not require same as IRP process. Additional layer of requirement that is not in statute and should be added.

Brubaker-Opposed to delinking them, believes we should find the right balance of demand supply side resources in order to make sure it is cost effective because you have to consider them together. DSM programs should run through an IRP.

Lewis Mills-There is a statutory requirement for DSM not for IRP.

4. Suggestion that Low Income Housing Tax Credit changes in statute be incorporated into the regulations.

Market Effects/Transformation Studies

1. How should market effects/transformation studies be conducted so they can be considered in determining net to gross?

GM-OPC – Not sure that at this time this is necessarily needed to be included in the rules.

2. Suggestion that before beginning a program, rules require a plan to be prepared, with agreement from stakeholders, on designated parameters and selected methodology.

GM-OPC – It should be agreed upon beforehand.

KCP&L – Disagree, they don't always know what they will find when they begin, what markets they will transform. Has to be part of the EM&V process.

Targeted incentives to high value customers

- Suggestion to provide for targeted incentives to certain high value customers such as schools, cities, hospitals, etc. Is this currently allowed under the law?

Andy Zeller – Need to go after non-profits and other semi-nontaxable entities as well as increase the incentives for high-energy users.

Ameren – There could be legal issues that need to be looked at before. Make sure there are no legal barriers before pursuing this.

OPC – How would we get them in? If they want to save energy why aren't they already using the incentives?

Evaluation, Measurement & Verification (EM&V) Regulation

- Should “statewide technical resource manual” be removed from EM&V contractor regulation since a statewide TRM is not anticipated in the near future?

GM-OPC - Still important to keep it in. Statewide TRM provides greater good. Will need to discuss what entity will be the keeper of the TRM.

Ameren- Clarify timing on transition from Ameren's TRM to state-wide TRM. Does it happen during MEEIA III filing? Would this remove EM&V?

OPC supported the clarification

Walmart – EMV – look at deemed savings on everything that you can.

KCPL – Market effects – if the utility has to say where market effects are going to take place in a MEEIA filing, should be in EM&V which should be after the MEEIA filing. Believes you cannot use deemed savings.

Renew – Commission should hire a contractor to review EM&V.

GM- OPC – Redundancy of the reports – OPC agrees. However, inclusion of a website or portal that could serve as clearing house for MEEIA information.

Renew Missouri agrees in this concept. Include in TRM Reg specific on the responsibilities on how often they should meet.