

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of a Working Docket	)	
to Review the Commission's Missouri Energy	)	
Efficiency Investment Act (MEEIA)	)	<b>File No. EW-2015-0105</b>
rules 4 CSR 240-3.163, 4 CSR 240-3.164,	)	
4 CSR 240-20.093 and 4 CSR 240-20.094	)	

**COMMENTS OF UNITED FOR MISSOURI, INC.**

United for Missouri, Inc. ("UFM") appreciates this opportunity to comment on the Missouri Public Service Commission Staff's ("Staff's") list of Unresolved Issues/Suggestions and list of No Consensus Items. UFM reminds the Staff that UFM has previously submitted comments in this working file and requests that the Staff take cognizance of those comments in this final stage of its analysis of the MEEIA rules and regulations. UFM's comments will address select headings in the list of issues. The comments will not be exhaustive and UFM's silence on any particular issue should not be understood as a lack of interest on other issues.

- Methods for resolving disagreements among the parties on the quality of Market Potential Studies.

UFM does not believe developing such methods would be productive when considered within the context of the MEEIA. MEEIA contemplates a voluntary filing by the electric utility company. The Act contemplates a filing of the utility plan with the Commission, followed by the approval or rejection by the Commission based on certain findings. Commission approval is mandatory. Dispute resolution typically contemplates a mechanism to avoid a more formal judicial process. Dispute resolution under the MEEIA would not accomplish that goal. Certainly, an electric company may seek to resolve certain issues in the filing of its case before the Commission. However, in the context of voluntary MEEIA filing, such efforts would be

within the discretion of the electric company. UFM sees no way to compel a utility company to submit to a predetermined dispute resolution process in cases such as these.

- Adding specificity to “probable environmental costs” – IRP – avoided costs. Trued up or looked at mid-cycle.

UFM’s only comment is that the rule should make clear the sense of the word “probable” in the phrase “probable environmental costs.” “Probable” means likely, expected, or anticipated.

- Defining “public interest” as it applies to programs not subject to cost effectiveness tests.

UFM submits that there is not much to be gained in further defining “public interest.”

“Public interest” has a well-developed meaning in public utility regulation, having to do with benefits of safe and reliable service at just and reasonable rates. Again, taking the term in the context of the MEEIA approval process, with an understanding that it will be incumbent upon the applicant to present evidence and prove public interest, further definition would only limit the ability of the applicant to present evidence it deems appropriate.

- Development of a method to track energy savings by customers [of all classes] who have opted out.

UFM repeats its prior comments with some modifications. The Commission should eliminate all continuing regulatory obligations on entities that opt-out of the demand-side measures offered by an electrical corporation. There are three criteria for opting out of demand-side measures in section 393.1075.7 RSMo. In order to get a sense of the legislative intent of the opt-out, all three must be read together. First is any customer that has a demand of 5,000 kW or greater. Second is an interstate pipeline pumping station. Third is a customer that has a demand of 2,500 kW or greater and an effective energy efficiency program in place. The first two criteria indicate that these criteria were intended as thresholds for obtaining status for opting out of the program. These are large, sophisticated customers that are capable of administering their

own energy efficiency programs. There is no justification in the first two criteria that there be some continuing oversight by the Commission or the electric company for the customer to maintain the opt-out status. All three criteria speak to status of the customer and not regulation. There is no reason to believe the legislature considered the third criteria for opt-out any differently. Any customer of such a size that already has an energy efficiency program in place is doing what free market forces would suggest without marketing efforts on the part of the electric corporation and should be permitted to follow its own self-interest without funding the self-interest of others through regulation. There is no policy or legislative directive that would justify the expansion of the regulatory regime of this Commission into the continuing private energy efficiency decisions of such customers.

- Combined Heat and Power and Distributed Generation inclusion [some stakeholders seek inclusion, utilities do not agree definitions can be expanded beyond statute].

UFM supports the effort to make combined heat and power more economically attractive for private citizens and companies. However, it must be done in an economically sustainable manner. Providers of CHP must be given true and transparent cost signals. And they must be given the opportunity to make business judgements and negotiate terms of the sale or use of their CHP services based upon regulatory certainty.

UFM takes no position regarding whether CHP can be fit into the terms of the MEEIA law. Instead, it suggests it should not. As contemplated by MEEIA, demand-side programs are programs “conducted by the utility.” As discussed before, such programs are voluntary with the utility company and can be discontinued as the utility sees fit. UFM prefers that CHP users and providers be given an opportunity to be on equal negotiating standing with the utility company and that the economic signals not be distorted by artificial incentives or program designs. This can best be done in a separate workshop, rulemaking, or tariff filing case.

- Valuation and inclusion of NEBS

UFM strongly opposes inclusion of a requirement that NEBS be included in cost tests. The MEEIA explicitly refers to the “total resource cost test” as “a preferred cost-effectiveness test.” While MEEIA does not designate the “total resource cost test” as the exclusive test, MEEIA clearly expresses the preference that cost effectiveness be based on direct economic valuations. Not only are non-energy benefits and the resultant societal cost test difficult, if not impossible, to evaluate, they are outcome driven, evaluating only benefits from the demand-side and not the supply-side of the equation. There is no consensus on the so-called health benefits. They are highly disputed and unquantifiable. And such evaluations do not take into consideration the value of reserve margin, the reliability value, or the sheer economic development value of having plentiful electric energy from having multiple supply side options. In short, NEBS are just a way to artificially increase the value of energy efficiency programs so that they make more energy efficient programs appear cost effective when they are not. The speculative and contrived values listed in “non-energy benefits” are not consistent with the philosophy of MEEIA.

- Striking goals for demand and energy savings.

The Commission should eliminate 4 CSR 240-20.094(2), the Guideline to Review Progress Toward an Expectation that the Electric Utility Demand-Side Programs Can Achieve a Goal of All Cost-Effective Demand-Side Savings. These guidelines are arbitrary. The standard for the Commission’s approval of demand-side programs is whether the programs have a goal of achieving all cost-effective demand-side savings. The guidelines have no rational relationship to “all cost-effective demand-side savings.” The guidelines should be eliminated.

- Inclusion of greenhouse gas reductions as energy efficiency measures.

UFM does not understand the justification for this proposal. MEEIA permits electric utilities to invest in demand-side and energy efficiency measures as an alternative to supply side resources and to receive compensation for such investments when appropriate. There is no independent authorization in MEEIA for a new regulatory program on greenhouse gas emissions.

- Statewide Market Potential Study

UFM continues to believe a Statewide Market Potential Study would be unproductive. Market potential studies are case sensitive in that they need to accommodate the case being studied and the goals to be achieved. As a result, to be useful, market potential studies need to be limited to the service area studied and the factors that influence those markets. A Statewide Market Potential Study would not fulfill these needs.

In conclusion, UFM observes that many or most of the unresolved issues constitute proposals for additional restrictions or requirements. One of the main goals of this working file was to assess the effectiveness of the Commission's MEEIA rules. For a regulatory programs such as this, additional restrictions and requirements do not necessarily improve the program. Additional hurdles and hoops to jump through only go to make the process less attractive to all.

Respectfully submitted,

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